49TH CONGRESS, 1st Session. } HOUSE OF REPRESENTATIVES. { MIS. DOC. 396, Part 3.

PROCEEDINGS

OF THE

INTERNATIONAL MONETARY CONFERENCE

= Paris, 1881.

HELD

IN COMPLIANCE WITH THE INVITATION EXTENDED TO EUROPEAN GOVERNMENTS BY THE GOVERNMENTS OF FRANCE AND OF THE UNITED STATES

IN

PARIS,

IN

APRIL, MAY, JUNE, AND JULY, 1881,

UNDER THE AUSPICES OF THE

MINISTRY OF FOREIGN AFFAIRS

OF THE

FRENCH REPUBLIC.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

[PUBLIC RESOLUTION—No. 27.]

Joint resolution providing for the printing and distribution of documents of the monetary conferences of eighteen hundred and seventy-eight and eighteen hundred and eighty-one, and the report of the monetary commission created under the joint resolution of August fifteenth, eighteen hundred and seventy-six.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That there be printed and bound in cloth five thousand copies each of the Reports of the International Monetary Conferences of eighteen hundred and seventy-eight and eighteen hundred and eighty-one; also the report of the monetary commission created under the joint resolution of August fifteenth, eighteen hundred and seventy-six, being Senate report Number seven hundred and three, Second Session Forty-fourth Congress, with such indices to the three reports as may be supplied by the Secretary of State; three thousand copies of each for the use of the House of Representatives, and fifteen hundred copies of each for the use of the Senate; and that the Public Printer hold the remaining five hundred copies of each for sale, at ten per centum advance on cost-price, to any person applying for the same.

Approved, August 4, 1886.

THE INTERNATIONAL MONETARY CONFERENCE OF 1881.

JOURNAL

AND

EXHIBITS.

The following volume presents a translation of the official French record of the proceedings of the Conference. Of this record, which was prepared by Mr. Lavollée and Mr. Bruwaert, the Secretaries of the Conference, with the assistance of their stenographers, a large edition, in two volumes folio, was printed by the French Government at the National Printing Office in Paris, for general distribution. The first volume, containing the Sessions of April and May, was issued early in June. The second volume, containing the Sessions of June and July, was completed late in August, 1881.

The various errata and misplacement of Exhibits set forth in the latter volume are here corrected.

The names of the President and Secretaries of the Conference, which, in the original are affixed, for certification, at the close of the Journal of each Session, are not here reproduced.

OCTOBER, 1881.

The present edition is a reprint from the plates of the edition of 1881, which was ordered printed by the Secretary of State, at the request of the Commission.

JANUARY, 1887.

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FIRST SESSION.

TUESDAY, *April* 19, 1881.

Delegates of—
Austria-Hungary,
Belgium,
Denmark,
Germany,
Greece,
The Netherlands,
Portugal,
Sweden,
Norway,
Spain,
Switzerland,
The United States of America, and of
France,
assembled in Conference at Paris, on the 19th of April, 1881, at 2 o'clock, P. M., at the Ministry of Foreign Affairs.

There were present:
For Austria-Hungary—
COUNT VON KUEFSTEIN, Councilor to the Imperial and Royal Embassy at Paris, Member of the Chamber of Peers.
CHEVALIER ANTHONY VON NIEBAUER, Councilor to the Imperial and Royal Ministry, of Finance.
MR. ALEXANDER VON HEGEDÜS, Deputy in the Hungarian Diet.

For Belgium—

MR. PIRMEZ, Member of the House of Representatives, formerly Minister of the Interior.

MR. GARNIER-HELDEWIER, Councilor to the Belgian Legation at Paris.

For Denmark—

MR. MORITZ LÉVY, Councilor of State.

For Germany—

BARON VON THIELMANN, Councilor to the Imperial Embassy at Paris.

MR. SCHRAUT, Government Privy Councilor, and Councilor Reporter in the Office of the Treasury of the Empire.

For Greece—

MR. BRAÏLAS-ARMÉNI, Envoy Extraordinary an Minister Plenipotentiary of Greece at Paris.

For the Netherlands—

MR. VROLIK, former Minister of Finance.

MR. PIERSON, Professor of Political Economy at the University of Amsterdam, Member of the Board of Management of the Bank of the Netherlands.

For Portugal—

COUNT DO SAN-MIGUEL, First Secretary of the Portuguese Legation at Paris.

For Sweden—

DR. HANS LUDWIG FORSSELL, former Minister of Finance, President of the Chamber of Finance.

For Norway—

DR. OLE JACOB BROCH, former Minister of Marine and of Post Offices, Professor at the University of Christiania.

For Spain—

MR. MORET Y PRENDERGAST, Deputy to the Cortes, late Minister of Finance, late Minister of the Colonies.

For Switzerland—

DR. KERN, Envoy Extraordinary and Minister Plenipotentiary of Switzerland at Paris.

MR. LARDY, Councilor to the Swiss Legation at Paris.

For the United States of America—

MR. EVARTS, late Secretary of State of the United States.

MR. THURMAN, late Senator.

MR. HOWE, late Senator.

MR. DANA HORTON, former Delegate to the International Monetary Conference of 1878.

For France—

MR. BARTHÉLEMY SAINT HILAIRE, Member of the Institute, Senator, Minister for Foreign Affairs.

MR. J. MAGNIN, Senator, Minister of Finance.

MR. J. B. DUMAS, Member of the French Academy, Perpetual Secretary of the Academy of Sciences, President of the Board of Control of the Monetary Circulation.

MR. DENORMANDIE, Senator, Governor of the Bank of France.

MR. CERNUSCHI.

The Minister of Foreign Affairs, having called the Conference to order, delivered the following address:

Gentlemen—In receiving you here, our first duty, as also our first desire, is to say to you, "Be welcome among us." We greet you with these words of happy augury in the name of France, in the name of the Government of the Republic, which sees with satisfaction our capital chosen as the seat of your learned and useful labors.

The reception we give you is sincerely cordial, because we feel grateful and proud of these reiterated proofs of confidence tendered us by the nations, in sending to us their best qualified representatives to study in common, and, if possible, to solve some of the questions which most directly affect the well-being and the peaceful relations of the different peoples.

It is a glory for our country; but a truer benefaction for humanity.

As you know, within a period of only a few months, three of these august assemblies will have been held within these walls; the one which, with you, I have the honor to inaugurate to-day, and the two which have preceded us, and which have attained as a result the realization of a most important advance in the international postal service, and the securing to property in the products of the arts and manufactures such reciprocal protection as was lacking until then in several States.

We may well predict, even at this time, the like success of another Conference, that on Electricity, which is soon to assemble, and of which, toward the close of the present year, our city will be the place of meeting, and, at the same time, the wondering spectator.

But, whatever previous Conferences may have been, that which you are about to open will remain none the less one of the most necessary, and of the most important, which can ever be held.

Monetary Science, taken in its widest sense, is almost as ancient as society itself. From the most remote antiquity, philosophers have given it their attention; and their theories concerning the functions of money, even the earliest in point of time, were accurate and true to a degree which has not since been surpassed, and precisely because of the importance of the subject. But it is in modern times, and more particularly in our own day, that phenomena relating to money have shown a development and manifested an energy which have strongly impressed all economists and statesmen.

The almost incalculable production of the precious metals, their various uses throughout the world, the prodigious wealth of certain nations leading, as it were, the others; the ever-growing multiplicity of exchanges, the well-considered calculations of manufacturers and merchants, the organization of financial institutions of all kinds, the unforeseen fluctuations in the world's markets, the daring of speculation, the constantly increasing necessities of even the most stable governments; such are some of the causes which act powerfully upon the circulation of money, producing unlooked-for dilemmas, which the most disinterested and inquiring observers find the greatest trouble in explaining.

So long as these oscillations, resembling the tides in the ocean of economics, do not pass certain bounds, the business community is but little affected; but when they do go beyond the accustomed limit, both the public purse and private fortunes are made to suffer seriously. At such times, in order to find a remedy for the evil, all the knowledge which may have been accumulated by serious and sagacious minds devoted to science and to good—men like those whom at this moment we greet with our sincere homage, and with our thanks—is scarcely equal to the task. Such is the great object which brings you together, and which will stamp your debates with an exceptional character.

You will endeavor, by your counsels, to restore a normal condition in the place of an equilibrium destroyed; and you will seek

the means to prevent the return of these baleful crises. What studies will command your attention! What details to be made clear! How many facts to be ascertained! What long and serious investigations to be prosecuted methodically on so many obscure and delicate points! But Heaven forbid that I should touch, even from afar, upon a problem so complex and so vast, about which the best minds maintain with passionate earnestness opinions the most contradictory, and in which habit and custom, when nationalities and periods of time are considered, are found to differ no less than opinions.

Therefore, gentlemen, I will confine myself to wishing for your efforts the success which they deserve; such success they will surely attain, but perhaps not at the first effort.

If you are unable at a single attempt to accomplish the whole of your task, you will, at least, have given rise to preliminary controversies which are indispensable to the discovery of truth, and to a final solution. You will have established certain principles which the future will know how to make fruitful. For the work on which you are about to enter, the civilized world will always hold you in grateful remembrance; since we can not doubt that from your discussions, free as they are profound, there will come forth waves of luminous and practical ideas. You will diminish the ill even if you do not suppress it entirely; and, although the radical cure should not come until a little later, it will still be due to you, for you will have prepared the way and rendered the cure possible.

At the time of the Universal Exhibition of 1878 the idea of an assembly similar to this had already taken form; but it could not arrive at a result for the reason that it seemed, at that date, and in some respects, a little premature. To-day, after three further years, during which so many significant and even alarming symptoms have manifested themselves, the time seems entirely ripe, and we may not be considered too bold if we hope for the triumph of this idea, after those other two triumphs which I recalled to you a few moments ago, and which were almost as difficult to obtain.

Again, let me repeat, gentlemen, you are welcome among us.

Accept these, our best wishes, with those of the whole world, whose eyes are upon you, that the noble end you are pursuing may be reached as speedily and as fully as you yourselves desire, and as all the nations, joining with us, desire also.

At the close of these remarks, the Minister of Foreign Affairs moved that the Conference organize itself by the election of a President.

On the motion of MR. EVARTS, the office of President was unanimously conferred upon Mr. Magnin, Minister of Finance.

MR. MAGNIN took the chair.

He thanked his colleagues for the honor shown him in calling him to preside over the deliberations of an assemblage in which were found united so many men eminent for their science, and for their experience.

He relied upon their good-will and their intelligence to aid him in the fulfillment of his duties.

Whatever might be the result of the discussions in the Conference, he was happy to labor with them in the study of the economic problems which they would have to consider, and the solution of which was of so great importance.

It was then determined, upon the motion of the Delegate of Greece, that the Conference should await the arrival of those of its members who had not been able to be present at the First Session, before proceeding to complete its organization by the selection of one or more Vice-Presidents.

In accordance with the proposition of its President, the Conference designated as Secretary, Mr. René Lavollée, Docteur ès lettres, Consul General; and as Assistant Secretary, Mr. Bruwaert, of the Ministry for Foreign Affairs.

The Conference being thus provisionally organized, the President, MR. MAGNIN, spoke as follows:

Gentlemen—Two great International Monetary Conferences have already been held at Paris, the first in 1867, the second in 1878.

The Conference of 1867 had for its object to inaugurate uniformity of coinage, which, as was said in the opening address, was to consist in the substitution of metallic coins, struck in accordance with uniform regulations, in the place of the variety of monetary types actually in use.

Of what metal should these coins be made? Of silver only, or of gold only? Or of gold and silver used simultaneously?

That Conference decided in favor of gold monometallism. I

quote the words in which the Vice-President, Mr. de Parieu, expressed himself upon this subject in the final report, which he presented to his colleagues on the 16th of July, 1867:

"The question," said he, "which seemed to lie at the very root of the inquiry, was that of the monetary standard.

"As you are aware, the legislation of the world is divided on this point between three different systems: that of the gold standard, that of the silver standard, and that of the double standard.

"It was indispensable to know in which of these three forms was to be found, so to speak, the latest development of the monetary system, the nucleus in which the decisive formula might be discovered, the basis for the desired unity."

And Mr. de Parieu said, further on:

"With a unanimity the more remarkable, since no preliminary consonance of opinion had been either looked for or foreseen, your Conference, while comprising among the twenty States, of which you are the delegates, only two in which gold is the standard money, has reached the conclusion that a basis for the monetary unification of the future should be sought in the gold standard, with silver, if need be, as a temporary companion.

"The Conference has thus declared itself, upon principle, in favor of the unity of the gold standard, while considering that there might be good reasons for a temporary continuance of the double standard in the legislation of certain States accustomed to this system, or living hitherto under the law of the single standard of silver.

"This remarkable unanimity upon a fundamental question can not fail to influence public opinion and the views of specialists who, within the confines of the different States, may still entertain doubts upon this question of the future."

The programme of 1867 was adopted in all its parts by the German legislators in 1871: stoppage of the mintage of silver, and demonetization of the old silver coins to make way for a gold monometallism. The Scandinavian States followed the same course. The Latin Union and Holland, as a precautionary measure, closed their mints against silver. At the present moment, on both sides of the Atlantic, gold alone has the right of unlimited coinage.

To prohibit, in great countries, the mintage of a metal which had been hitherto freely coined, and to expect that this metal would maintain its former value, would be a contradiction.

To foresee the fall of silver was easy, and it was inevitable.

England, whose interests were touched to the quick by this fall, was aroused.

In the month of March 1876, Parliament ordered an inquiry; but this investigation was not able to set any remedial measure on foot, as it had not been authorized to suggest remedies for the fall, but only to examine into the causes of it, and to describe its effects upon Anglo-Indian exchanges.

The United States of America took other action. In August, 1876, Congress appointed a Monetary Commission, composed of Senators and Representatives, with instructions not only to inquire into the causes to which should be attributed the change in the relative value of gold and silver, but also to examine whether the adoption of a bimetallic system would not be advisable.

In the month of March, 1877, this Commission brought in its report.

The conclusions arrived at were, that the fall of silver, in relation to gold, had not been brought about by natural events, but solely by legislative action, and that, in order to bring back a satisfactory condition of things, it would be necessary to confer the same monetary right upon both metals by establishing, under international agreement, a uniform proportion of weight between coins of gold and coins of silver.

To give effect to these principles, the United States summoned the International Conference, which was held in this place in August, 1878, and their delegates requested the Assembly thus called to pronounce upon the two following propositions:

I.

"It is the opinion of this Assembly that it is not to be desired that silver should be excluded from free coinage in Europe and the United States of America. On the contrary, the Assembly believe that it is desirable that the unrestricted coinage of silver, and its use as money of unlimited legal tender, should be retained where they exist, and, as far as practicable, restored where they have ceased to exist."

II.

"The use of both gold and silver as unlimited legal tender money may be safely adopted; first, by equalizing them at a relation to be fixed by international agreement; and, secondly, by granting to each metal, at the relation fixed, equal terms of coinage, making no discrimination between them."

These propositions were discussed, but did not become the subject of a general vote.

The English and French Delegates had prepared a draft of an answer which might be made by the European to the American Delegates.

This answer was couched in the following terms:

"The Delegates of the European States, represented in the Conference, desire to express their sincere thanks to the Government of the United States for having procured an international interchange of opinion upon a subject of so much importance as the monetary question.

"Having maturely considered the proposals of the representatives of the United States, they recognize:

"1. That it is necessary to maintain in the world the monetary functions of silver, as well as those of gold, but that the selection for use of one or the other of the two metals, or of both simultaneously, should be governed by the special position of each State, or group of States.

"2. That the question of the restriction of the coinage of silver should equally be left to the discretion of each State, or group of States, according to the particular circumstances in which they may find themselves placed, and the more so in that the disturbance produced during the recent years in the silver market has variously affected the monetary situation of the several countries.

"3. That the differences of opinion which have appeared, and the fact that even some of the States which have the double standard, find it impossible to enter into a mutual engagement with regard to the free coinage of silver, exclude the discussion of the adoption of a common ratio between the two metals."

When this answer was adopted, the Dutch Delegates were not present; the Italian Delegates refused to be parties to it: and the approval thereof by the other Delegates was given only under reservations. Coming, as it did, at the close of debates in which monometallism had found defenders at once convinced and eloquent, the answer drawn up by the English and French Delegates was really a condemnation of the gold monometallist propaganda.

But this condemnation was not sufficient, and has not sufficed to alter the face of things. In order that the metal silver may recover its former value, it is indispensable that it should be, as in the past, freely coined side by side with gold, and as no State either wishes to stand, or could stand, alone in resuming such coinage, it is absolutely certain that we shall not find our way out of the present difficulties until an international bimetallic treaty shall have been concluded.

To attain this result, it was necessary that all the parties in interest, that is to say, all the Governments should be brought face to face.

In this you have the reason for our Conference. The American and the French Governments agreed to address simultaneous invitations to the other Powers.

Fifteen Governments have, or will have, their Delegates present here.

Some have made reservations; they were matters of right. We had only to receive and place them upon the record.

We hope that light may shine forth from the discussions which are to be held in this Assembly; we hope that it will be proved, as well by the data of theory as by those of experience, that international bimetallism is the only system which will be able to restore monetary regularity throughout the world.

It is not our business here, gentlemen, to debate the terms of a treaty by which one may gain and others lose; there is no question of making or of asking sacrifices; there is no question of one party getting the advantage of another; what we have to do is to seek, in good faith, and understandingly, such conclusions as may be equally favorable to all parties.

Need I add, that we have in no wise the pretension to force our opinions upon others; that all plans and systems may be set forth, and will be freely discussed in this Assembly, where are found gathered so many illustrious men, whose competence to handle monetary questions is universally recognized.

The President then inquired of the Conference whether it desired to avail itself of the services of the stenographers, which the French Government placed at its disposal, and who would act under the direction of the Secretaries.

The Conference accepted this proposition, but with the understanding that the stenographic reports should be absolutely confidential—should be submitted to the speakers reported, and should not be published but by consent of the Delegates, and that the Journal, as adopted by the Conference, should constitute the only official record of its deliberations.

At the request of the Delegates of the United States, and under the same conditions, it was likewise agreed that the stenographer attached to their Commission should attend the Sessions of the Conference.

The President made known that the French Government had just been advised of the designation of the Delegates of the Italian Government, and that they would shortly arrive in Paris.

Mr. Kern, first Delegate of Switzerland, transmitted to the Conference the expression of the regrets of Mr. Burckhardt-Bischoff, one of the Swiss Delegates, who had been called back to Basle by a bereavement in his family.

The President begged the honorable the first Delegate of Switzerland to convey to Mr. Burckhardt-Bischoff the expression of the sympathy of the Conference. He then asked the Conference whether, before entering upon its deliberations, it would not see fit to prepare a "*questionnaire*," or list of questions, as a programme, which would serve as a basis and starting point for its further labors.

Mr. Vrolik, first Delegate of the Netherlands, approved of this suggestion.

Mr. Kern, first Delegate of Switzerland, while recognizing the advantages of this mode of procedure, asked the Conference whether, in order to facilitate the elaboration of this programme, it would not be advantageous to call upon the Delegates of each State first to set forth concisely the views of their respective Governments upon the questions, a solution of which was to be sought.

Baron Von Thielmann, first Delegate of Germany, signified his accord upon this point with Mr. Kern.

Mr. Cernuschi, Delegate of France, called attention to the fact, that the views of the different Governments, in regard to the monetary question, were already, in general, sufficiently known; there would, therefore, seem to be little use in causing the preparation of a "*questionnaire*," to be preceded by a series of declarations of principles successively formulated by the Delegates of each State represented at the Conference.

Mr. Pirmez, first Delegate of Belgium, agreed with this observation. It seemed to him logical to commence by the discussion, and to await the result of the debate before formulating conclusions.

To proceed otherwise would be to invert the natural order of the deliberations.

Mr. Vrolik shared this opinion. He thought it proper first to discuss, from a scientific point of view, the questions submitted to

the Conference. In following a different course, there would be the danger of finding, as in 1878, that wide divergences existed from the start, the immediate discovery of which might compromise the ultimate success of the labors of the Conference.

In the face of these objections, MR. KERN declined to press his motion.

MR. DENORMANDIE, Delegate of France, continuing the debate, stated that the Conference was unanimous as to the necessity of preparing, either in the form of a "*questionnaire*" or otherwise, a programme for its deliberations; and that, further, a great majority seemed to be in favor of proceeding at once to the drawing up of such a programme, without any preliminary declaration of principles.

He proposed, therefore, that the Conference should appoint a committee from among its members, which should be charged with the preparation of a draft of questions (*questionnaire*).

COUNT VON KUEFSTEIN, first Delegate of Austria-Hungary, supported this proposition.

THE PRESIDENT inquired whether the Conference was disposed to select the members who should constitute the committee to frame the *questionnaire.*

MR. VROLIK replied, that the choice of the members of the committee might well be left to the honorable Delegates of France, as was done at the Monetary Conference of 1867.

THE PRESIDENT expressed the opinion that the honorable Delegates of the United States should be associated with those of France in this appointment.

This double motion having been carried unanimously, a recess of fifteen minutes was taken to enable the United States and French Delegates to hold a consultation.

When the Assembly was again called to order, MR. DENORMANDIE presented, in the following terms, the propositions agreed to by the Delegates of the United States and of France:

First. The committee to be charged with the preparation of a *questionnaire*, should be composed of as many members as there were States represented in the Conference.

Second. The delegation from each country should select one of its number as its representative upon the committee.

Third. In order to make it possible for the Delegates of Great Britain and of Italy to take part in these preparatory labors, the first meeting of the committee should be set down for Saturday, the 23d of April, at two o'clock.

Fourth. The conclusions of the committee in no case to be regarded as prejudging the solution of the questions under discussion, nor as pledging the Conference to any thing, that body retaining entire control over the order of its deliberations.

These propositions were successively adopted without remark.

Baron Von Thielmann placed upon the table of the Conference, for distribution among the Delegates, 30 copies of two official publications issued by his Government, and entitled, the first: *Documents relatifs à la réforme Monétaire en Allemagne;* and the second: *Exposé de la situation Monétaire en Allemagne.*[1]

The President begged Baron Von Thielmann to convey to the German Government the thanks of the Conference for this interesting communication.

The Session closed at four o'clock.

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[1]See Exhibit, pp. 15–18.

EXHIBITS OF THE FIRST SESSION.

EXHIBIT A.

(Presented by BARON VON THIELMANN, page 13).

A STATEMENT OF THE MONETARY SITUATION IN GERMANY.

I.

The introduction into Germany of the single gold standard in the place and stead of the silver standard, which prevailed up to 1871 in most of the German States, was enacted by the laws of 4th December, 1871, and 9th July, 1873. The mark of the gold is the $\frac{1}{1395}$ part of a pound of gold (of 500 grammes) at nine-tenths fine, and is coined in gold pieces of 20, 10, and 5 marks. The right of private coinage exists in so far that every individual is entitled to require the coinage for his own account of gold pieces of 20 marks upon payment of the cost of mintage at the rate of three marks on the pound of fine gold.

The coins of silver, nickel, and copper perform the functions of subsidiary coins.

In the Imperial silver coins (pieces of five and three marks, and of one mark, and of 50 and 20 pfennigs), 100 marks are coined from the pound of fine silver; the proportion of alloy being of 900 parts of silver to 100 parts of copper, 90 marks in coined silver weighing a pound. Under the law as it stands, the sum total of Imperial silver coin must not exceed 10 marks *per capita* of the population of the Empire.

No one can be compelled to accept payment of a sum exceeding 20 marks in Imperial silver coins. On the other hand, these coins are received in payment, without limitation as to amount, by the Treasuries of the Empire and of the German States, and may, at pleasure, be exchanged for gold at certain offices officially designated for that purpose.

As it was not possible at once to withdraw from circulation the former coins of the different States, and to introduce immediately the new Imperial coinage, the laws in question established, as a transitory condition, a system analagous to that of the double standard, and under which the old coins of the States were recognized as legal tender, at the rate of one thaler for three marks of gold, a rate based upon the proportion of 1 to 15½ for the relative value of the two metals.

II.

In carrying this monetary reform into effect, there were manufactured, up to the end of 1880, Imperial gold coins amounting to 1,747,237,095 marks, of which 1,270,509,920 marks in pieces of 20 marks, 448,759,250 marks in pieces of 10 marks, and 27,969,925 marks in pieces of five marks.

Of subsidiary coins, there were coined up to the end of 1880: In silver, upon the basis of the population of the Empire, as shown by the census of 1st December, 1875, to consist of 42,727,000 souls, a round sum of 427 millions of marks; in coins of nickel, 35 millions of marks in round numbers; and in coins of copper, nine millions and a half of marks, reckoned also in round numbers.

Against this, there was withdrawn from circulation, up to the close of 1880, for the account of the Empire, a total sum of 1,080,486,138 marks in old coins of the several States.

Of this amount—

1. There have been delivered to the mints for coinage into the new Imperial coins of silver:

	Marks.
a. For account of the Empire	382,501,331
b. Upon payment of value (2,034 pounds of fine silver)	183,510
	382,684,841
2. Melted into silver bars	696,797,069
which produced pounds of fine silver	7,474,644

Of this quantity, there have been—

Sold for account of the Empire (pounds of fine silver)	7,102,862
Used in the manufacture of new silver coins	32,429

Leaving, therefore, a balance of 339,353 pounds of fine silver, which still remains in the possession of the Imperial Government, as the sales of silver were suspended in May, 1879, and have not been resumed since then.

The sale of these 7,104,896 pounds of fine silver (comprising the 2,034 pounds above mentioned, as delivered to the mints upon payment of the value thereof) was made as shown in the following table:

Years.	Pounds of Fine Silver.	Net Product.		
		Total in Marks.	Per Pound of Fine Silver In Marks.	Per English Ounce of Silver. Standard in Pence
1873	105,923,372	9,296,682.77	87.77	59 5-16
1874	703,685,175	61,185,670.29	86 88	58 3-4
1875	214,898,594	18,208,449.08	84.69	57 1-4
1876	1,211,759,204	93,936,482.37	77.52	52 3-8
1877	2,868,095,533	230,424,238.51	80 34	54 5-16
1878	1,622,696,403	126,203,852.08	77.77	52 9-16
(Until the suspension of the sales of silver at the end of May.) 1879	377,744.712	27,934,417.89	73.95	50
Totals	7,104,895,998	567,139,992.99	9.82	53 15-16

By a comparison of the product of these sales, 567,139,993 marks, with the original cost of these 7,104,896 pounds of fine silver, which had been taken at

663,621,109 marks, it will be seen that these sales of silver were liquidated at a loss to the Empire of 96,481,136 marks.

	Marks.
To the said loss of	96,481,136
are to be added the other costs of the carrying out of the monetary reform (expenses of coinage, loss on the sales of copper, interest on the capital employed in running the workshops of the mints, etc.)..	29,316,438
Total......	125,797,574
As against this, the profits resulting from this same carrying out of the monetary reform (gross profit arising from the mintage of the Imperial coins of gold, silver, nickel, and copper, bonuses of various sorts, etc.) have amounted to....	81,728,134
Leaving a balance to be met by the Imperial Treasury of...	44,069,440

III.

Besides the new Imperial coins, there still remains in actual circulation the residue of the silver one-thaler pieces not yet retired. It is only possible to estimate, as nearly as may be, the sum total of thalers in circulation.

There had been coined, in all, 1,280 millions of marks in pieces of one thaler, including 93 millions of marks in Austrian thalers, called thalers of the Union (*Vereinsthaler*), which stand upon the same footing, under the law, in respect to all payments, with the thalers of German coinage, and in regard to the retirement of which no legislative determination has yet been arrived at.

Of this amount of 1,280 millions of marks, a certain part has, during the course of time, been melted down by private individuals, or exported, or has disappeared through causes and accidents of all kinds. It is necessary to estimate this decrease, in order to determine the sum still remaining in circulation.

If reference is had to the results of the retirement of other silver coins of large size, such decrease should be reckoned at 20 per cent; the amount above mentioned would be reduced to 1,024 millions of marks in thalers, of which 614 millions have been, up to the present time, retired and demonetized; and the circulation of thalers would now be about 410 millions of marks.

According to another estimate, which supposes a decrease of only 17 per cent., the same as was ascertained by the operation of the retirement of the former two-thaler pieces, there would still be remaining in circulation about 450 millions of marks in thalers.

The highest estimate among those resting upon plausible data, goes up to 500 millions.

In all these valuations, the stock of thalers, which forms part of the metallic reserve of the Imperial Bank, is included.

IV.

If the provisions of the present monetary statutes should be completely carried out, and if, by reason thereof, the sales of silver should be resumed, the Imperial Government would need to dispose of only so much of the 410 or 500 millions of marks in thalers now in circulation, as well as of the bar silver which it has held since 1879, as might not be required for the augmentation of the circulation of subsidiary silver coins.

As has been stated in the above title I., the total amount of Imperial silver coins must not, under the present law, exceed 10 marks *per capita* of the population of the Empire.

The latter, however, having increased between the census of 1st December, 1875, and that of 1st December, 1880, from 42,727,372 to 45,194,172 souls, making a gain, therefore, of 2,466,800 souls, it becomes possible, at this date, under existing legislation, to augment by about 25 millions of marks the mass of silver coins struck up to the present time, and which amounts to 427 millions of marks. But, besides this, the Imperial Government has recognized, since the year 1880, the propriety of raising the rate of the fractional coinage from 10 marks to 12 marks *per capita* of the population, in case the monetary reform should be allowed to take its course.

If this new rate be based upon the total of the present population of Germany it would be necessary to coin a further sum of 115 millions of marks in silver money, and this would absorb the 31 millions of marks in silver ingots which are now on hand, and 73 millions of marks in thalers now actually in circulation.

There would remain to be sold, including 74 to 81 millions of marks in Austrain thalers, a mass of 337 to 427 millions of marks, that is to say, of 3,740,000 to 4,740,000 pounds of fine silver.

If the Austrain thalers be left out of the calculation, there would only remain to be disposed of 263 to 346 millions of marks, or, in other words, 2,920,000 to 3,840,000 pounds of fine silver.

SECOND SESSION.

SECOND SESSION.

THURSDAY, *May* 5, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Greece,
The Netherland
Portugal,
Sweden,
Norway,
Spain,
Switzerland,
The United States of America, and of
France,

who took part in the First Session, and—

For Great Britain—
MR. FREMANTLE, Deputy Master of the Mint, at London,

For British India—
LORD REAY.

For Canada—
SIR ALEXANDER GALT, High Commissioner of Canada, at London.

For Italy—

Mr. Seismit-Doda, Member of the Italian Parliament, formerly Minister of Finance.

Mr. Luzzatti, Member of the Italian Parliament.

Mr. Simonelli, Member of the Italian Parliament; and

Count Rusconi, formerly Minister of Foreign Affairs, Secretary General of the Council of State.

For Russia—

Mr. de Thoerner, Privy Councilor, Director of the Department of the Treasury of the Empire.

For Switzerland—

Mr. Burckhardt-Bischoff.

The Session began at half-past two o'clock, p. m.

The journal of the previous meeting was read and adopted.

The honorable Delegate of Great Britain conveyed to the Conference the expression of the regrets of Sir Louis Mallet, who was temporarily detained in England.

The President recalled attention to the fact that, at the last meeting, the Conference had postponed to the present Session the choice of its Vice-President. Nearly the entire number of members being now present, the time would seem to have arrived to proceed to the completion of the organization of the Assembly.

On motion of Mr. Evarts, the Vice-Presidency was conferred upon Mr. Vrolik, first Delegate of the Netherlands.

Mr. Vrolik expressed his thanks to the Conference.

The Order of the Day called for the Report of the Committee which, at the last Session, had been instructed to prepare a draft of a *questionnaire.*

Mr. Vrolik, Chairman and Reporter of the Committee, set forth the results of its labors in the following Report:

Mr. President and Gentlemen—It was your pleasure to decide at our first Session that there should be a *questionnaire*, and that each Delegation should designate one of its members to consti-

tute a committee which should be charged to draw up a form of *questionnaire* to be thereupon submitted to the approval of the full Conference.

Conformably to the resolution of the Conference, this Committee met on Saturday, the 23d of April.

Sixteen States were represented: Germany, by Baron von Thielmann; Austria, by Chevalier von Niebauer; Hungary, by Mr. de Hègedüs; Belgium, by Mr. Pirmez; Denmark, by Mr. Lévy; Spain, by Mr. Moret y Prendergast; the United States, by Mr. Dana Horton; France, by Mr. Cernuschi; Greece, by Mr. Braïlas-Arméni; the Netherlands, by Mr. Vrolik; Portugal, by Count do San-Miguel; Sweden, by Dr. Forssell; Norway, by Dr. Broch; Switzerland, by Dr. Kern.

The Committee was also able to profit by the presence at its meeting of two of the honorable Delegates who had not been present at the opening of the Conference, Mr. Luzzatti, for Italy; and Mr. de Thoerner, for Russia.

The Committee was also assisted in its labors by Messrs. Lavollée and Bruwaert, as Secretaries.

The sitting was opened by Mr. Kern, the senior member, who proposed that the Chairmanship should be tendered to Mr. Cernuschi, the representative of the State which offers us such generous hospitality; but Mr. Cernuschi declined the honor, and placed me in nomination for the office.

This proposition, so highly complimentary to myself, was accepted by the Committee; and it, therefore, devolves upon me to present to the Conference the draft of the *questionnaire* adopted by the Committee, in order to be submitted to the approbation of this Assembly.

Permit me to preface the discussions to which this document may give rise by a short *résumé* of the course we have pursued in reaching an agreement upon it.

The honorable the President of the Conference had alluded to the possibility that some, if not all, of the Delegates might have forms or drafts of *questionnaires* to submit to the Committee. If such had been the case, or even if several Delegates had made known their intention of presenting such propositions within a limited number of days, the Committee might have endeavored, while recognizing the great difficulties in this mode of procedure, to find a means of combining the different drafts in a single one, which would comprise, as far as possible, the questions proposed.

Fearing, however, that this course might present too many dif-

ficulties, and for that reason might be the means of much loss of time, the Committee believed that it would be more profitable to request the Delegates of the two States from which the invitation had emanated, to take upon themselves the drawing up of a programme, which should be printed and distributed confidentially, at least forty-eight hours before the next Session of the Committee.

Mr. Cernuschi and Mr. Horton consented, after a short deliberation, to take charge of this work.

Upon the request of Mr. Cernuschi and of Mr. Horton, the Delegates of the Netherlands, who, on their part, had prepared a draft of a *questionnaire*, placed the same at the disposal of these gentlemen to make such use thereof as they might deem proper.

Mr. Cernuschi and Mr. Horton having informed me that their labors were completed, I was enabled to summon my honorable colleagues to meet on Tuesday, the 3d of May.

At the meeting held on that day we had the advantage of seeing among us, besides the members who had taken part in our first Session, Mr. Charles W. Fremantle, Delegate of England, and Mr. Burckhardt-Bischoff, Delegate of Switzerland, the latter of whom, owing to an afflicting bereavement, had not been able to be present at the first Session of the Conference, or at the first meeting of the Committee.

Mr. Cernuschi and Mr. Horton had each drawn up a programme; they had further asked the Dutch Delegates whether there were any objection to printing the propositions of these latter also.

No disadvantage being perceived in such a plan, the three programmes had been by them laid before the Committee; and these have been printed and distributed to you all, gentlemen, in order that the whole Conference should be fully informed in respect thereof.

After an interesting debate, characterized by the greatest goodwill on all sides, the Committee reached the conclusion that, while rendering full justice to the labors of Mr. Cernuschi and of Mr. Horton, which covered a very wide field of theory and of history, the Dutch propositions possessed the advantage of concentrating the attention upon the essential points which required to be discussed, conformably with the terms of the invitation extended by France and the United States, while leaving, at the same time, a complete latitude, simultaneously with the examination of the questions proposed by the Netherland Delegates, likewise, to dis-

cuss the various and most interesting subjects indicated in the propositions of the French and American Delegates. These latter gentlemen, furthermore, did not hesitate, on perceiving the tendency of ideas in the Committee, to withdraw their propositions, and to give their adhesion to the Dutch programme.

It may not be out of place to mention here that two rather marked tendencies have shown themselves in the Committee, as it is also probable that they will appear in the discussions of the Conference.

One of these tendencies is to give great prominence to the scientific side of the discussions; the other is to limit them, as far as possible, to practical, legal, and diplomatic questions. In the proposed *questionnaire* which is now laid before you, we have striven to avoid these two extremes.

I may add that the other members of the Committee are glad to express their high appreciation of the manner in which Mr. Cernuschi and Mr. Horton have treated the subject; and the results of the labors of these two gentlemen are herewith submitted to the Conference, where they will be found of great service in the course of the debates.

This, gentlemen, is a brief statement of the process which has led to the adoption of the *questionnaire*, which we have the honor to submit for your examination.

Before proceeding farther, I am instructed by the Committee to formulate in its behalf two requests, and to present the same to our honorable President.

The first is: that if the *questionnaire* should have the good fortune to be adopted by the Conference, the Committee would very strongly recommend that, before the opening of the discussion of the first question, the President should give to those of the Delegates who may have official communications to make, an opportunity to deliver them, and that, thereupon, a general discussion should take place before proceeding to the examination of the questions proposed.

The second request is: that if it should be intended to offer new, supplementary, or accessory questions, these could only be brought up for debate after having been first reduced to writing, laid upon the table of the Conference, and distributed to all the members.

I only mention a further request of our Committee, in order to thank our honorable President for having responded to it with courteous promptitude, viz., the request that he should re-convene the Conference as speedily as possible.

The recommendations contained in the Report made by MR. VROLIK were successively put to the vote and adopted without debate.

It was, therefore, decided:

First.—That Delegates having declarations to make in the name of their governments, should have the opportunity to do so before the opening of the debates.

Second.—That general discussion should precede the deliberations upon the different paragraphs of the *questionnaire* which should be adopted by the Conference.

Third.—That each Delegate should retain the right, even after the adoption of a *questionnaire* by vote, to propose new, supplemental, or accessory questions, but that such questions should not be brought up for debate until they should have been first reduced to writing, communicated to the officers of the Conference, and distributed to all the members.

THE QUESTIONNAIRE.

The *Questionnaire* prepared by the Committee was likewise adopted without debate. It was as follows:

I. Have the diminution and the great oscillations which have taken place in the value of silver, chiefly within the last few years, been hurtful or not to commerce, and, consequently, to general prosperity?

Is it desirable that the relation of value between the two metals should possess a high degree of stability?

II. Should the phenomena referred to in the first part of the preceding question be attributed to increase in the production of silver, or to acts of legislation?

III. Is it, or is it not, probable that, if a large group of States should agree to the free and unlimited mintage of lawful coins of the two metals, with full legal tender faculty, at a uniform ratio between the gold and silver contained in the monetary unit of each metal, a stability in the relative value of these metals would be obtained, which, if not absolute, would, at least, be very substantial?

IV. If so, what measures should be taken to reduce to a minimum the oscillations in the relative value of the two metals?

For instance:

1. Would it be desirable to impose upon privileged banks of issue the obligation to receive, at a fixed price, any gold and silver bullion which the public might offer?

2. How could the same advantage be secured to the public in countries where privileged banks of issue do not exist?

3. Should coinage be gratuitous, or, at least, uniform, for the two metals in all countries?

4. Should there be an understanding that international trade in the precious metals should be left free of all restraint?

V. In adopting bimetallism what should be the ratio between the weight of pure gold and of pure silver contained in the monetary units?

Next in order were the Declarations which the honorable Delegates might desire to lay before the Conference in the name of their respective Governments.

Baron Von Thielmann, first Delegate of Germany, the Delegates of Great Britain, British India, Canada, Denmark, Portugal, Russia, Greece, Count Von Kuefstein, first Delegate of Austria-Hungary, and the Delegates of Sweden, Norway, and Switzerland, then read the following Declarations:

DECLARATION OF THE DELEGATES OF GERMANY.

Mr. President, and Gentlemen—The Imperial Government of Germany, in taking part in this Conference called for the object of establishing an international monetary system based upon bimetallism, does not intend by so doing to prejudice its further determinations in the premises; the declarations of its Delegates should not, therefore, be regarded as definitely binding upon the Imperial Government, but rather as a basis for later negotiations.

At the time, between 1865 and 1870, when monometallism with the single gold standard gained ground throughout a larger portion of the civilized countries, and when, toward the close of that period, a considerable quantity of gold found its way into the treasury of the German Empire, the Government took advantage of the occasion to firmly establish its monetary system, and to regulate in a uniform manner, upon the basis of the gold standard, the systems which, up to that time, had prevailed in the different States of the Empire. If, at that period, Germany had retained the single standard of silver, or if she had adopted bimetallism, other countries could the more easily have passed to the single gold standard, for the reason that the establishment of bimetallism in Germany would have facilitated the sale of their silver.

The monetary reform in Germany, determined upon and de-

creed, after mature consideration, is, at this moment, in a very advanced state. 1,747 millions of marks have been struck in gold coins, while 1,080 millions of marks in silver coins of earlier mintage, have been demonetized; the cost of these operations amounting to 44 millions of marks.

According to the highest estimate, there still remains in Germany about 500 millions of marks in old thalers, including Austrian thalers.

This monetary reform has sensibly bettered the condition of monetary circulation in Germany; not only has the general circulation augmented, as calculated *per capita* of the inhabitants, but it has also gained in this respect, that the circulation of gold has increased, while that of silver money and of subsidiary coins, as well as of notes not covered by a metallic reserve, has diminished. While, therefore, considering the monetary system of Germany, as established upon solid foundations, we in no wise fail to recognize the import of the fall in the metal silver, which has since occurred.

It is generally agreed to attribute this fall less to the sales of silver made by Germany, than to the measure adopted by our Government of taking from silver its quality of legal tender, an action which led the States of the Latin Union to put a stop to their coinage of silver.

It can not be denied that this latter measure, by doing away with the compensating effect which, until then, had maintained within narrow limits the oscillations in the price of silver, removed all obstacles to a progressive and limitless fall; it is, on the other hand, but just to admit that the fear of finding themselves compelled to receive a half milliard of marks of German silver, which could not fail to depreciate in a very considerable degree their own circulation, had no little influence in the decision taken by the Latin Union.

The fall of silver would, nevertheless, not have reached the point it did, if, at the same time, the production of that metal had not considerably augmented in America, while the demand in Asia was diminishing.

In view of these combined circumstances, the Imperial Government, in the month of May, 1879, resolved to suspend its sales of silver, and they have not since been resumed. This action, by giving firmness to the metal market, tended to facilitate the initiative of those Powers which were interested in the rehabilitation of silver. It, also, had the effect of diminishing the demand for

gold, a fact the more important in that the decreasing production of the latter metal, in the face of a constantly growing demand, had, within the last few years, caused a certain degree of tension in the market.

We recognize, without reserve, that a rehabilitation of silver is to be desired, and that it might be attained by the re-establishment of the free coinage of silver in a certain number of the most populous States represented at this Conference, if these States, to this end, should adopt as a basis a fixed relation between the value of gold and that of silver. Nevertheless, Germany, whose monetary reform is already so far advanced, and whose general monetary situation does not seem to call for a change of system so vast in scope, does not find herself in a position, so far as she is concerned, to concede the free coinage of silver.

Her Delegates are, therefore, not able to subscribe to a proposition looking to such action.

The Imperial Government is, on the other hand, entirely disposed to do its best to second the efforts of other Powers which might wish to unite, with a view to the rehabilitation of silver by means of the free coinage of this metal. In order to reach this end, and to guarantee these powers against the afflux of the German silver, which they seem to fear, the Imperial Government would voluntarily impose upon itself the following restrictions:

During a period of some years, it would abstain from all sales of silver, and, during another period of a certain duration, it would pledge itself to sell annually only a limited quantity, so small in amount that the general market would not be glutted thereby. The duration of these periods, and the quantity of silver to be sold yearly during the second period, would form the subject of ulterior negotiations. Such an arrangement would efficiently protect the mints of the bimetallic States against the unlimited outflow of German thalers drawn from the national funds. Private individuals, or the Imperial Bank (which is a private bank under special control of the Government), would not be able, on the other hand, to cause thalers to flow to the mints of the bimetallic Union, except in the case of the balance of trade being against Germany, or unless the relation of 1 to 15½, established by the bimetallic Union, should undergo a considerable modification in favor of silver. This last contingency appears, however, but slightly probable.

In all other cases, the exportation of thalers would of necessity entail a loss to those who might undertake it; and, hence, the

countries of the bimetallic Union have no occasion to apprehend that the silver of Germany will inundate their mints. Furthermore, these operations could be rendered still more difficult by excluding specie in thalers from the coinage in the bimetallic Union; a measure of this kind would add to the other expenses to be borne by the exporters of silver, that of the cost of melting down and refining the thalers.

If an international arrangement based upon these indications could be arrived at, Germany would still remain free to sell silver within these self-imposed limits, or to sell none at all. But Germany, in order still farther to contract even these limits, might make other concessions.

She could provide, in her own circulation, a wider area for the metal silver, thus enlarging the use of it.

To attain this end, the Imperial Government would engage, eventually, to retire the gold pieces of five marks (27¾ millions of marks), as well as the Imperial Treasury notes of the same value (40 millions of marks).

It might, further, melt down and re-coin the silver pieces of five and two marks (71 and 101 millions of marks), taking, as a basis, a relation between the two metals approaching that of 1 to 15½, whereas, under existing legislation, 100 marks are made from the pound of fine silver, which is equivalent nearly to the ratio of 1 to 14.

You have here, gentlemen, the concessions which the Imperial Government would offer, and of which its Delegates are now ready to discuss the scope and the details of execution.

DECLARATION OF THE DELEGATE OF GREAT BRITAIN.

Gentlemen—Before the commencement of your debates, I consider it my duty briefly to explain to you, with the permission of the President, the position which I have the honor to occupy in coming to take part in the deliberations of the Conference.

In the month of February last, the Government of Her Britannic Majesty received from the Governments of France and of the United States of America, an invitation to take part in a Conference between the Powers chiefly interested in the question of establishing the use of gold and silver as international money, and of securing fixity in the relative value of these two metals. "The Conference was to examine and adopt, for the purpose of submitting the same to the Governments represented, a plan and a system for the establishment, by means of an international agree-

ment, of the use of gold and silver as bimetallic money, according to a settled relative value between these two metals."

Now, gentlemen, the monetary system of the United Kingdom, since 1816, that is to say, for more than 60 years, has rested on gold as a single standard, and this system has satisfied all the needs of the country, without giving rise to those disadvantages which have shown themselves elsewhere, and under other monetary regulations; and, for these reasons, it has been accepted by the Governments of all parties and by the nation. The Government of Her Majesty could not, therefore, take part in a Conference as supporting the principle of the double standard, and its answer to the invitation of France and the United States necessarily set forth the reasons which prevented it from taking part in the re-union which had been proposed.

The representative at London of the United States Government having, however, declared that the Powers represented at the Conference reserved to themselves entire liberty of action after the discussion, the Government of Her Britannic Majesty considered that it would be lacking in consideration towards friendly Powers to persist in its refusal to send a Delegate from the United Kingdom.

It is thus, gentlemen, that I have the honor to take my place at the Conference as the representative of Great Britain. My instructions impose upon me the duty, a duty which I shall be only too happy to perform, of furnishing you with all the information you may desire concerning the laws and the monetary system of England.

They do not permit me to vote upon the propositions which may be submitted to you; but I venture to assure you that I shall none the less follow with the liveliest interest the discussions which may be developed in an assembly where, as our President has so well said, are met together so many illustrious men, whose competency in monetary questions is universally recognized.

DECLARATION OF THE DELEGATES OF BRITISH INDIA—READ BY LORD REAY.

Mr. President, and Gentlemen—The Government of British India, in sending Delegates to the Conference, is not to be regarded as having, by this fact, admitted the adoption of the principle of bimetallism in the British Indies; and in order that it may be free from responsibility for the conclusions which might be reached

by the Conference, its Delegates are not authorized to take part in the votes of that body.

Although the Secretary of State, as well as the Council of British India, do not believe it possible to nourish the hope, in the present circumstances, of a radical reform of the monetary system of India, they are ready to take into consideration such measures as might be proposed for introduction into India with the object of restoring the value of silver.

I have no need to assure your Excellency and you, gentlemen, that the Government of India will follow with the greatest interest your deliberations, and your resolutions, which may exert so powerful an influence upon the destinies of the Empire of British India.

DECLARATION OF THE DELEGATE OF CANADA.

I am instructed by the Government of Her Britannic Majesty to state, on behalf of the Government of Canada, that, while it will give the most respectful consideration to the conclusions of the Conference, the Government of Canada desires to reserve perfect freedom of action in respect to such conclusions.

I am further instructed to state that, while authorized to vote on the questions submitted to the Conference, such action must not be considered as prejudicing the future action of Canada.

DECLARATION OF THE DELEGATE OF DENMARK.

As the Danish Government has no intention of abandoning the single gold standard introduced into the country a few years ago, I have received instructions on the part of my Government to abstain from all discussion of the manner (*quo modo*) by which the bimetallic system could be regulated.

DECLARATION OF THE DELEGATE OF PORTUGAL.

Mr. President, and Gentlemen of the Conference—The Portuguese Government, in accepting the cordial invitation of the Governments of France and of the United States of America to be represented at this Conference, desired, while fulfilling a duty of international courtesy, to give to these two Governments a proof, in all respects deserved, of consideration and deference; but it frankly stated to them that the Portuguese monetary system, now in force, would not allow of its entry into the bi-metallic Union now contemplated.

To this declaration, which I am instructed to make to the Conference, I must add that the Portuguese Government intends to

reserve to itself, most explicitly, the ultimate determination and the fullest liberty of action concerning the conclusions which the monetary Conference may adopt.

It follows, from the preceding, that my official position at this Conference necessitates the greatest reserve on my part. I have not been empowered to vote upon any question tending to bind my Government in any manner whatsoever, or to express an opinion which might give reason to think that the Portuguese Government was disposed to abandon the attitude which it has deemed its duty to take in causing itself to be represented here. My opinions, therefore, if I should be led to take part in the debates, will be simply and entirely personal.

My duty will be to follow and to study the state of the question as it may develop itself in the course of the discussions, and to report upon the same to my Government, while attaching to it all the interest which so important a question deserves, a question so intimately connected with all the movements of social life.

DECLARATION OF THE DELEGATE OF RUSSIA.

The Russian Government, in sending a Delegate to the International Monetary Conference, upon the invitation of the Governments of France and of the United States of America, has done so with the intention:

On the one hand, to be able, with a complete understanding of the opinions exchanged in this reunion, to take into consideration the resolutions which may be reached by the Conference upon the monetary question;

And, on the other hand, so far as it lies in its power, to put the Conference in a position to obtain directly from the Russian representative all the information upon the monetary situation of Russia which the Conference may require for the elucidation of the general question.

But, at the same time, the Russian Government reserves to itself entirely its right of opinion upon this whole matter, and in nothing renounces its liberty of action by reason of any resolutions of the Conference.

So far as concerns my personal position in the midst of this Assembly, I can not do better than repeat what has just been said on his own behalf by my honorable colleague the representative of Portugal.

DECLARATION OF THE DELEGATE OF GREECE.

The Delegate of Greece, in presence of the declarations made

by the honorable Delegates of England, of Russia, of Portugal, etc., considers it his duty also to declare that, in his capacity of representative of a State which has adopted monometallism, he would not be able to join in any measure which might lead to a change in this system. He will be most happy to take part in the labors of the Conference, and he will, while reserving to it full liberty of action, most willingly report to his Government upon any other question which may be proposed and discussed.

DECLARATION OF COUNT VON KUEFSTEIN, IN THE NAME OF THE DELEGATES OF AUSTRIA-HUNGARY.

Mr. President, and Gentlemen—It was not my intention to make a formal declaration at this Session, but, since a number of Delegates have given explanations of the spirit in which their respective Governments accepted the invitation of the Governments of France and of the United States, I likewise beg leave to present in a few words the situation of our Government. I scarcely need to do more than to go back to the Conference of 1878; our situation is very nearly the same as it was at that period; we follow the labors of this honorable Assembly with the same sympathy, and we make the same reservations.

The peculiar state of our circulation is not unknown to you. It is essentially one of paper money. It is true we are making the most earnest efforts to resume our payments in specie; nevertheless, up to the present time we have not been able to accomplish the desired result. This state of things places us in a somewhat delicate position in view of the important questions with which this honorable Conference will find itself engaged.

Our attitude will, therefore, be chiefly one of friendly reserve; and, while taking, *ad referendum*, the results of our deliberations, we are not able to enter into any engagement upon any particular point. And further, if any one of us should think proper to take part in the discussion, it would only be to express his personal opinions.

At the same time, we have no hesitation in saying, in accordance with what the Imperial and Royal Government declared at the Conference of 1878, that from the present our sympathy is assured for any and all measures which may be adopted with the object of ameliorating, or of restoring, as far as possible, the position of the white metal.

We gladly cherish, therefore, the hope that the Conference will not finally separate before adopting some remedy for the evils of

the present monetary situation, which, in our opinion, are serious from more than one point of view.

With all the reserve which our peculiar position imposes upon us, we shall still take part in the interesting labors of this Assembly with the liveliest interest and the most profound sympathy.

DECLARATION OF THE DELEGATE OF SWEDEN.

Mr. President, and Gentlemen—I will make known in a very few words the position of the Delegate of Sweden; my Government, while reserving entire liberty of action upon the subject of its monetary system, has given permission to its Delegate to take part in the discussions of the Conference.

DECLARATION OF THE DELEGATE OF NORWAY.

You are aware, gentlemen, that the Scandinavian countries have a monetary union based upon the single standard of gold; my Government reserves all its rights, but has given me entire freedom to take part in the discussions, saving only my obligation to report to it finally.

DECLARATION OF THE DELEGATES OF THE SWISS CONFEDERATION.

The Swiss Delegation declare that the Confederation, in so far as it is concerned, has no reasons to call for modifications of the arrangements adopted by the monetary treaty, known as that of the Latin Union, on the fifth of November, 1878, and of which the duration was fixed at seven years. They add, that Switzerland has, nevertheless, declared herself ready to take part in the Conference called at Paris under the initiative of the Governments of the French Republic and of the United States of North America.

The invitation to the new Conference implying, as it does, the desire to arrive at the conclusion of an international treaty authorizing the free coinage of gold and silver as bimetallic money, the Swiss Delegates will confine themselves to hearing the reasons which have moved the Governments of the United States and France in their initiative; they will also advise the Federal Council of the attitude which the great commercial powers, notably England and Germany, may assume in face of the Franco-American propositions, and they will ask further instructions before taking their ground, and before deciding, in the name of Switzerland, with regard to these propositions, whether it be to approve or to reject them.

As a result of what has been stated, the mission of the Swiss

Delegates is to take part in the Conference for the present, *ad audiendum et referendum.*

They also make, at the opening of the Conference, this formal declaration to that effect, and reserve, against all contingencies, the position, as of right, of the States of the Latin Union as fixed by the Convention of the 5th of November, 1878, and they add, in order that no doubt may remain upon this point, that the Federal Council has sent delegates to the Conference only because it considers this Conference as being of a preparatory nature, and nothing more, and as having for its sole task to discover the bases upon which the terms of an acceptable treaty might be constructed.

The Swiss Delegates will, therefore, not take part in any decision, of whatever nature it may be, without having first made a report to the Federal Council, and having received subsequent instructions from the latter.

Official notice was duly taken of the receipt of these several declarations.

The general discussion upon the whole of the questions submitted to the Conference was then in order.

MR. CERNUSCHI, Delegate of France, desired, in the first place, to convey to the Conference the impression which had been made upon him by the Declarations just read, notably those of the honorable Delegates of Germany and of Great Britain. The Conference could not fail to note the very considerable importance of these Declarations.

Upon what condition, in reality, did the success of the work depend upon which this Assembly was entering to-day? Upon the concord of the four great metallic Powers of the globe, France, the United States, Germany, and Great Britain. The understanding between France and the United States was already an accomplished fact, of which the meeting of the present Conference, called as it had been by the two Republics, might be considered the official confirmation. The success of the Conference, and the fate of bimetallism, then, only depended upon Germany and England. If, continued Mr. Cernuschi, these two join France and the United States, bimetallism becomes the monetary law of the whole world; if one of them should join, it would still be possible; if both should refuse their co-operation, it would be condemned to remain impracticable.

Now, what is the purport of the Declarations which have just

been read to the Conference? It is, in the first place, that the concurrence of Great Britain is, for the time being, refused.

In spite of the recent manifestations of the Chambers of Commerce of Liverpool and of Birmingham, notwithstanding the petitions signed at Manchester and London by the banks and the great merchants, who are, by reason of their extended relations with India, peculiarly interested in the success of bimetallism, England persists in maintaining the monetary system established, in 1816, by Lord Liverpool.

We can not be astonished at this. In acting thus, the British Government is, in a certain sense, only carrying out its time-honored methods. England never abandons her traditions except with extreme circumspection; she needs ten years to accomplish an economic revolution.

It took ten years for Sir Robert Peel to pass from the camp of protection to that of free trade; ten years to cease from being a partisan of paper money and an adversary of coin.

The Cabinet of London may still require some time before it adheres to the principle of bimetallism; but its conversion may almost be regarded as certain.

As far as Germany is concerned, the situation is entirely different; the conversion of that country to the principle of bimetallism no longer remains to be undertaken; it is already an accomplished fact.

Speaking through its first Delegate, the German Empire has admitted that the rehabilitation of silver is desirable, and it declares itself disposed to lend its aid in such an undertaking. Looked at from the point of view of principles and of monetary science, this gives cause for complete satisfaction; we have only to recognize it, and felicitate ourselves accordingly.

Let us examine from a practical point of view what Germany offers. She makes certain propositions, the importance of which can not be denied, but which yet seem insufficient.

She asks the other States to enter into engagements looking toward bimetallism, and gives reason to hope that she will defer the realization of her gold monometallism.

It is true that she promises to maintain the suspension of her sales of silver. Nevertheless, it remains none the less true that German bankers could send silver in payment, and would not receive that metal. In this there would be a dangerous inequality, against the consequences of which it is necessary to be on our guard.

There is no cause to find fault with the attitude of the German Government. Its position is justified by the situation, by the conditions themselves in which the German Empire has recently carried out its monetary reform, and to which Baron Von Thielmann drew our attention in his accurate statement, made a few minutes ago. That historical account, added Mr. Cernuschi, suggests to me at once a proposition which I think useful to communicate to the Conference, but upon my own personal responsibility.

Germany was the first to go into the experiment of gold monometallism, at a time when that monetary system was the object of a universal infatuation, amounting almost to a craze. In 1869, the Chancellor of the Exchequer, Mr. Lowe, was able to declare in full Parliament, on the occasion of the propositions for monetary unification made by France, that he would never treat with a country which retained bimetallism; but he expressed himself as disposed to reduce by one grain the weight of the £ sterling, in order to bring it nearer to the international piece of twenty-five francs, but only upon the absolute condition that France should give up the coinage of silver; and he was able to add, without being contradicted, that the French Government was inclined to subscribe to such an arrangement. At the same time, on this side of the channel, a vast monetary investigation was being carried on with *éclat* before the Superior Council of Agriculture and Commerce, the conclusions of which examination were favorable to the adoption of gold monometallism. An International Conference, called upon the occasion of the Universal Exhibition of 1867, had already pronounced in favor of the same views; and it may be said that every thing seemed to presage the early triumph of monometallism.

Immediately following upon these significant facts came Germany's proceeding in the reform of her monetary system; and it was natural enough that she took the course that seemed open to her. She did not wish, by becoming a bimetallic power, to run the risk of being used as a stepping-stone by the other States, which were, nearly all, moving towards monometallism; she did not wish to aid her neighbors to adopt gold monometallism, so that they might be able thereafter to use it against herself. Such conduct, save the error upon which it was based, seemed rational enough; but it is none the less certain that if, in 1871, Germany had not felt this fear, she would have preferred bimetallism, which she acknowledges to-day to be logical and legitimate, from a scientific point of view. She would thus have saved 96 millions of marks which the other States have gained at her expense.

In the present condition of affairs, what is the proper thing to do? We must, so to speak, blot out from history these last ten years, and return to the *status quo* which obtained before the monetary war; in a word, we must liquidate the disastrous experiment attempted by Germany.

In purchasing from the German treasury, as merchandise, a metal degraded by its demonetization, and, thereafter, putting in circulation this same metal transformed into money at the legal rate of 1 to 15½, or 1 to 16, all the States have made a profit at Germany's expense. Let each one find out the sum of its gain, and reimburse Germany in the amount, and Germany, thus indemnified for the 96 millions of marks she has lost, could return without restrictions to bimetallism.

If the total so raised should not suffice to make Germany whole for the loss she has sustained, could not India be asked to make up the difference? In facilitating the return of Germany to bimetallism, and, through her, of the whole world, we should be working chiefly to the advantage of India. No country would profit as much as India by such a change. Bimetallism restored would mean, for the Indian treasury, an annual saving of at least 25 millions of rupees, which it loses to-day in the exchange on the 17 millions of pounds sterling paid to England.

To sum up, then, there remains upon the Continent no great State to be converted to bimetallism. Austria-Hungary and Russia, while still under the dominion of paper money, are altogether favorable to our enterprise; Italy, Spain, and the Netherlands are seconding our efforts. Success could not be rendered doubtful by the resistance of certain countries which, like the Scandinavian States and Portugal, are in a peculiar position, and one which they might, moreover, retain.

In reality, every thing now depends upon Germany; and an accord appearing to have been reached upon the principles, the time has arrived to negotiate with that power the practical conditions of an understanding.

Mr. Broch delivered the following discourse

I have asked the floor at the opening of the discussion, because, of all the Delegates present at this meeting, I am the only one who has taken part in all the International Monetary Conferences, beginning with 1867. I asked it further, because I was one of the chief promoters of the monetary reform which has recently been accomplished by the Scandinavian States, and of which the result

has been the introduction of gold monometallism into those countries almost without loss to the Treasury, and without injury to private individuals. While this fact exercised but a very slight influence upon the general market of the precious metals, it would seem none the less useful to refer to it for the sake of example.

If we compare the monetary conditions which obtained in Europe thirty-five years ago with those which are found there to-day, we are struck with the rapid progress of gold monometallism.

Thirty-five years ago England alone had the single standard of gold; all the other countries were either in fact and law, or simply in fact, silver monometallic. Thus, in the Netherlands, gold ducats were coined which circulated, chiefly in foreign countries, as merchandise without official value.

Because of the fineness and exactness of their standard, they were highly esteemed in the Orient, and particularly in the Balkan Peninsula; but these ducats had no fixed rate within the Low Countries, although their coinage was free. The only standard of the Dutch Kingdom was the standard of silver. Russia, Germany, and Austria also coined gold ducats, Friedrichs d'or and pistoles for exportation; but, like the Netherlands, these countries used, within their borders, only silver money. France, it is true, was under a bimetallic law, but her monetary circulation consisted principally of silver. From 1789 to 1848 she coined four milliards of francs in silver money, while the quantity of gold coined during the same period represented only one milliard. Every-where in Europe gold was at a premium; every-where, not only domestic, but foreign circulation, was effected by the aid of silver.

At the present time the situation is absolutely reversed. Throughout the whole of Europe the mints are no longer open to the free coinage of silver. In all countries it is the State alone that coins this metal, in quantities more or less limited; every-where foreign exchange is calculated as between the different gold coins. Gold has become in Europe the only true instrument of exchange. On the other side of the Atlantic, in the United States, the respective positions of gold and silver are analogous. After numerous changes of legislation, the last-named country continues the operations of the Bland Bill, which has, no doubt, established in appearance a kind of limited bimetallism; but, in reality, gold monometallism remains in America as in Europe. The Bland Bill provides, in effect, nothing more than that the Federal Treasury shall employ, each month, in purchase of silver bars for coinage, a sum which shall not be less than two millions, nor more than four millions of

dollars. In fact, since the passage of the Bland Bill, the Government of the United States has never exceeded in its purchases of silver the *minimum* of two millions of dollars; the silver money manufactured by means of these purchases has not even been able to get into circulation, but has remained, one-half of it at least, in the vaults of the Treasury; and gold remains master of the monetary market.

What are the causes of this great economic revolution which, in all places, and more and more, tends to substitute the yellow for the white metal. They are numerous and complex. At any rate, it will suffice to enumerate the principal ones in order to convince ourselves that the gradual elimination of silver by gold is not an accident, but the natural, logical, and necessary result of the circumstances, and of the progress of civilization.

The principal of these causes was the discovery of the great gold mines, first in California, then in other parts of the United States, and in Australia. Within thirty years the quantity of gold has doubled; in this short space of time, trade and commerce have thrown into the circulation as much gold as mankind had accumulated in four centuries.

It is true that, during the same period, the production of the mines of silver has also augmented to a very considerable extent, but the rate of increase has been much less rapid for silver than for gold, as is proved by the Table of the production of gold and silver since the fifteenth century.[1]

Simultaneously with this development of the production of the precious metals, and chiefly of gold, other economic and social phenomena were coming into prominence, which will make of our century one of the grandest epochs in the history of civilization and humanity. Thanks to the discoveries of science, to the expansion of the means of communication, the intellectual and industrial life of nations was, as it were, transformed.

The peoples began to have a consciousness of their solidarity; the different national trades-centers tended, more and more, to form but one great and universal market. Commerce, and especially international commerce, attained a scope previously unknown; traveling entered more and more into the general habits, and was accomplished with marvelous facility; international investments and securities became an element of constantly growing importance, entering more and more largely into transactions and the set-

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[1] See Exhibit C. to the present Journal, pp. 55-69.

tlement of accounts between one nation and another. By this latter means, only recently, Europe was able to pay in American securities for the enormous supplies of cereals which three successive bad harvests had compelled her to get from the United States.

We may say that, providentially, this transformation in the world's economy coincided with a prodigious augmentation in the production of gold, for the one would not have been possible without the other. Yet people complacently think that the precious metals will be less and less needed; that commercial dealings will be settled by the help of bills of exchange, of set-off and balances, of clearing-houses. This may prove to be true, so far as concerns the large affairs of commerce, but there is a great variety of small transactions which only gold can facilitate. Thus, for instance, gold is the metal, and the only metal, which suits the purposes of travelers; neither silver, so inconvenient and so heavy, nor even letters of credit, can take the place of gold during rapid journeys. Gold alone is the necessary agent of frontier trade, which Governments in all parts of Europe seek to make easy, and which is always carried on for cash. Only gold makes it possible for merchants to profit by the advantage of a journey to settle in person, and by coin payments, their accounts with their correspondents in neighboring countries, without recourse to the onerous intermediation of bankers. In fine, gold is the metal the most suitable, not, as has been said, to the rich countries, but to the countries having proportionately the most fully developed means of communication, the most travelers, and whose commercial transactions reach the highest figures.

Therefore, the United States and Europe are, in fact, or by right, gold monometallic, while British India, which has, in proportion to its population and extent, a railway system ten times less than that of Europe, retains its monometallism of silver.

True, the bimetallists claim that their system would offer the same advantages as gold monometallism, but upon condition that the coinage of silver should be every-where permitted. Now, I think, on the contrary, that with this unlimited coinage the dangers of bimetallism are considerable, and I acknowledge, at the same time, that, without this unlimited coinage, there can be no real bimetallism. Upon this point I agree with Mr. Cernuschi.

He showed clearly that a bimetallic system with the ratio of 1 to 15½ was the only bimetallism acceptable, not only to France and the countries of the Latin Union, but to the rest of Europe; and that

gold monometallism would be preferable to bimetallism with the ratio of 1 to 18. I am also prepared to admit, with him, that there can be no true bimetallism unless the coinage of the two metals is free and unlimited, as well for private individuals as for States, and unless ingots are every-where immediately exchangeable, minus a charge of one-fifth, one-fourth, or one-half per cent. at most, for bank notes having legal currency, or for coin. This system is already followed as to gold in England and Norway; but, with unlimited mintage of the two metals, and even with unlimited coinage of silver alone, it becomes impracticable in the present condition of things. It would be very onerous, very perilous for the great States, and the small States could not attempt to apply it.

Bimetallism presents, moreover, one especially formidable objection, and one which is frequently overlooked, viz., that of a liquidation in case of the dissolution of a universal or very extended monetary union.

It is very evident that if the two metals were admitted to coinage, without limit, in the mints of all the States composing such a monetary union, the silver bars to be coined would be sent by preference, or even exclusively, to the mints of the great States. In these alone could the owners of bullion expect to find a sufficiently complete and perfect manufacturing outfit to enable them rapidly to withdraw their coined metal without having recourse to mint receipts or certificates, and without losing interest during the time required for the coinage, which in the case of silver is always long. Now, the coins thus manufactured would necessarily bear the arms or the effigy of the sovereign of the State within the territory of which they had been coined; and, not less inevitably, by virtue of an unquestioned principle of international law, would it devolve upon the same powers to take them up if the monetary union should be dissolved. Whence, it would result that at the expiration of the compact of union, two or three great States would have to receive the immense quantity of silver which, until then, would have circulated, if not over the whole globe, at least over a notable part of the civilized world.

As a result of this obligation, they would suffer an incalculable loss, which even the greatest financial powers might not be able to withstand, and to which the smaller States should not expose themselves.

Even if a universal monetary union should be formed, and should be perpetuated upon the basis of the relation of 1 to 15½, the difficulties and dangers of bimetallism would still be consider-

able. By reason of its intrinsic advantages, gold would command a premium, and it would be an illusion to believe that the banks would continue to put it into circulation while keeping silver as metallic reserve. No doubt, the Bank of France pays its notes to-day in the yellow or the white metal without distinction, but the reason of it is simple. Bimetallism being only partial, gold is necessary in transactions with certain foreign countries, and the Bank of France realizes, from this fact, that if it refused to pay out gold it would be doing a serious injury to French trade. The case would be otherwise as soon as bimetallism became universal; then the banks would probably deem it important to keep a certain quantity of gold in their reserves; they would seek to procure it, even by submitting to a premium, and they would pay in silver, the consequence of which would be, that after a short time the domestic circulation would become overloaded with that metal.

Another unfortunate result of the universal adoption of bimetallism at the ratio of 1 to 15½ would be an augmentation in the monetary wealth of the world, and, as a consequence, a depreciation of the metals, accompanied by a corresponding and general rise of prices. It is estimated that at the present time the coined metal in circulation throughout the whole world represents 34 milliards of francs (18 in gold, 16 in silver). These latter 16 milliards, which are calculated at 15½, are worth in fact but 14 milliards, the divergence between the legal and the real ratio being that between 15½ and 18; that is to say, about 18 per cent.

On the day when the proportion of 15½ should become universal and obligatory, silver would rise 18 per cent., gold would fall, and the prices of all commodities, especially of those which come from the East, and are paid for in silver, would experience a considerable advance. This rise would become more evident by degrees, as the monetary market became glutted with the product of numerous silver mines which are now lying idle, or are worked but little, and almost at a loss, but the working of which would again become remunerative, thanks to the raising of the value of silver. A rise so general, so sudden, and so considerable, would throw the economic and commercial world into confusion, and would carry disturbance into all classes of society. It would change all the relations of mankind among themselves, and would be equivalent to a reduction of all debts. Now, it is not only unjust thus to produce by a legislative measure an artificial rise in all commodities, it is dangerous to do so, for it is to expose ourselves, in like case, to grave social complications. We are answered that the workman's wages would

increase in a proportion equal to the rise in commodities, and that by this means the equilibrium would be restored; but experience has shown that, practically, such is not the fact.

Wages of laborers rise but slowly, after desperate struggles, and at the end of repeated strikes; they never advance as rapidly, nor to the same extent, as the prices of material things. The working class would, therefore, inevitably suffer from the augmentation of the value of silver, the result of bimetallism at 15½.

The same would be true of public functionaries who would be reduced to a lower position in their social scale unless the State decided to grant them a very considerable advance in salaries.

Is it rational to enter upon a road which leads to a general rise of prices? A tendency in this direction, as the world's history clearly shows, is but too evident and too constant. This phenomenon when observed during a small number of years, almost escapes observation; but for a period of long duration it assumes considerable proportions. It is equally marked in natural products intended for consumption, such as cereals, and in manufactured articles. Certain chemical or metallurgic productions have fallen in price, but only as a result of the progress of science.[1]

As far as concerns manufactured articles in general, the rise is the more remarkable, since it affects commodities of which modern invention in the processes of manufacture constantly tends to reduce the cost of production. The nominal value increases notwithstanding, evidently because of the constant depreciation of money. Is it wise by legislative measures to accelerate this movement toward a general advance of prices?

To sum up, then, it is, without a doubt, of great importance, not to "rehabilitate" silver, which seems impossible, but at least to put a stop to its fall. But the true way of succeeding in this is, not by arbitrarily raising the value of this metal in Europe and America, but by encouraging its use in the countries of the Orient which still have a preference for it; in that vast Chinese empire, scarcely yet opened to Europe, in that immense African continent, which is to-day invaded from all sides, and where trade is still carried on under the primitive form of barter, but where it would no doubt be easy to introduce the use of silver money. In order that silver shall be able to raise itself from its present discredit, it will not be

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[1] See Exhibit C. to the present Journal, a table of the prices of cereals in the principal markets of the north of Europe—during three centuries for Copenhagen, nearly one century for Hamburgh, Berlin, and London, and also for France. p. 62.

sufficient for the extension of civilization to accelerate the circulation of it in the East and in Africa; it will, further, be necessary that the civilized nations of Western Europe and America make like progress in their capacity to consume the raw materials produced in the former countries. Now, it is unhappily too true that the disastrous system of armed peace which prevails to-day has the effect among the different peoples of Europe to diminish their capacity as consumers. By overloading the budgets, by calling to the standards three millions of men in the vigor of youth, the army, even in time of peace, reduces, in a very considerable degree, the productive power of all nations, and for the same reason, their ability to consume; but it is to be hoped that this unfortunate state of things, the result of the faults of our ancestors, will not last for ever, and that as wants increase with the possibility of satisfying them, the markets of Europe will offer a continually enlarging outlet for the natural products of those countries in which the use of silver money prevails. Already these countries have absorbed a very great mass of this metal. Thus, in examining the table showing the commerce of the British Indies from 1855 to 1880,[1] we observed that in that quarter of a century the Indian Empire imported specie to the amount of two milliards and a-half of francs in gold, and five milliards and a half of francs in silver. During the same period, Government bills were drawn upon India for more than four milliards and a half of francs. Of the enormous mass of specie sent to India, a very small portion (250 millions of francs in gold, and 750 millions of francs in silver) has been exported by sea; another part, made up principally of gold coin, and an amount which it is very difficult to estimate, has probably been withdrawn by land in the direction of Persia and Afghanistan. All the rest must have remained in India, and have accumulated there, either in the shape of jewels, or of hoards. Now, the demand by Europe for Indian products, and the corresponding demand by India for European silver, far from diminishing, will only increase in the future. The stock of silver metal will thus find its outlet by a process slow, natural, and logical, far preferable to the sudden and factitious disorder which would result from measures of legislation.

I, therefore, persist, as I did in 1867, and as I did in 1878, in advising the States of Europe and the United States to adopt the single standard of gold. In spite of all that has been said, those

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[1] See Exhibit C. to the present Journal, pp. 57-58.

countries could procure that metal in sufficient quantity to satisfy all the wants of commerce. The production of gold still amounts to a half milliard of francs annually, and there is little likelihood that it will sensibly diminish. There is, therefore, the certainty of having enough gold to meet all needs, even if the States now under a forced paper currency should resume their payments in specie.

These States will, in fact, require a long time to get back to coin; they will not all resume at the same period, and they already possess a certain amount of gold for their foreign trade.

I, therefore, perceive no danger; I see, on the contrary, only advantages in Europe and the United States maintaining the *status quo*.

I would even counsel them to make their preparations from now on, to come out of it sooner or later, in order to pass to the standard of gold; for, in all the civilized countries of the West, the future belongs to gold, and to gold alone.

Mr. Broch placed in the hands of the Secretary of the Conference two memoranda, the first showing the relation between the price of gold and that of silver in the London market from 1845 to 1880; the second, the monetary system of the Scandinavian States, and the total amount of the mintage of coins in the Scandinavian Union up to 31st December, 1880.[1]

On motion of Baron Von Thielmann, the Session was suspended during half an hour.

At the expiration of the recess, Mr. Moret y Prendergast, Delegate of Spain, proposed that the Conference should make an alteration in the order of its labors on account of the very great importance of the propositions of the German Government, and of the declarations of the Delegates of Great Britain, British India, and Canada. On the one hand, the communication of the honorable the first Delegate of Germany raised questions of an exceptional gravity, from a practical point of view, and such as most of the Governments represented at the Conference were probably not prepared to answer. On the other hand, the English, Indian, and Canadian Declarations, while denoting the intention to resist the introduction of a particular system of monetary circulation, still indicated not only a real sympathy with the attempt, making by the Con-

[1] See Exhibit C to the present Journal, pp. 55 and 67.

ference, towards an amelioration of that circulation, but also a disposition to lend aid in such an effort under conditions and to an extent which could not, as yet, be definitely determined. In presence of these different Declarations, the Delegates themselves, and their Governments, required to study and thoroughly to examine the propositions therein contained, to consult competent financial authorities, and to confer together. Mr. Moret y Prendergast therefore proposed:

1. To devote one session, which might be at an early date, to a general discussion of the German, English, Indian, and Canadian Declarations, for the purpose of getting at their scope and value.

2. To adjourn, thereupon, to a date which might be fixed by the Conference, or which the President of this Assembly might be left to determine, but which should, in any case, be sufficiently distant to permit of the opening and carrying on of negotiations.

Mr. Vrolik remarked, that the adjournment of the Conference to an uncertain, but, in any event, to a distant date, might be interpreted in an unfavorable sense, especially if taking place almost at the commencement of their labors, and at the very time when the Conference had just adopted a programme for its deliberations, and had happily completed its organization by the arrival of the Delegates of Great Britain, India, and Canada. The proposition of the Delegate from Spain should, he thought, not be entertained until an adjournment could have been preceded by a more or less extended discussion of the various points indicated in the *questionnaire* which the Conference had taken as a basis for its deliberations.

The President proposed to the Conference, as a means of reconciling the two propositions presented by the Delegates of Spain and of the Netherlands, to continue the general discussion of the *questionnaire*, and, thereafter, to examine each one of the paragraphs which it contained, but without adopting any resolution or coming to any vote upon the questions embraced in the programme.

At the close of such an examination, in which the opposing doctrines would be debated, the motion for adjournment presented by Mr. Moret y Prendergast might be introduced with advantage.

The Delegates of Spain and of the Netherlands agreeing to this view of the matter, the continuation of the general discussion was set down for Saturday, the 7th of May, at two P. M.

The Session closed at half-past five o'clock.

EXHIBITS OF THE SECOND SESSION.

EXHIBIT A.

(Presented by the COMMITTEE OF FIFTEEN, page 23.)

PROPOSITIONS SUBMITTED TO THE COMMITTEE.

BY MR. HENRI CERNUSCHI.

The Conference might keep practical questions in reserve; put the debate on bimetallism in the second line, and commence its labors by a general discussion on the theory of money. Science first—interests afterward. Convinced of the utility of this mode of procedure, the undersigned has prepared the following propositions, and hopes that the Committee will kindly submit them to the Conference.

PROPOSITIONS.

1. Money is a legal and mathematical value.

2. A legal value, for it is the legislator who fixes the material of which money shall be made, and who gives it a forced circulation.

3. A mathematical value, for the value of money is in inverse ratio to its mass; that is to say, the quantity of it in circulation.

4. Free coinage with unlimited forced circulation has the effect of constituting the whole of the metal, old or new, coined or uncoined, a single monetary mass.

5. Metallic money is of automatic issue; the limit of issue is fixed by nobody. Paper money is of Governmental issue; the limit of issue is fixed by the Government.

6. Paper money is merely national money. Metallic money may be international money.

7. In order for it to be international money there must be similarity of legislation between several States; gold or silver must, at least, be their common money, with unlimited coinage and forced circulation.

8. The value of money changes if a change occurs in the volume of the monetary mass.

9. If a change occurs in the value of merchandise its price changes;

but the prices of all other merchandise and of all property remain unaltered. If a change occur in the volume and, consequently, in the value of money, all prices are changed.

10. Debts and credits, dividends, incomes, pensions, reversions, all contracts for the future transmission of capital, are fixed in money. If a change occurs in the value of money, all those who have to pay, or all those who have to receive, will be injured.

11. For the stability of prices, and the security of time bargains, the value of money ought to be stable.

12. There should be adopted, as the monetary mass, a mass which is the least possibly subject to diminishing in volume, and which is, on the contrary, capable of augmenting, for the augmentation is itself necessary to the stability of the value of money.

13. With silver and gold two masses are obtained, both of which are fitted to serve as a monetary mass. The silver mass is better than the gold mass. No other substance exists of which a good monetary mass can be made.

14. Coin, the mintage of which is not free, is only national money. If melted down that coin becomes merchandise—a merchandise not worth nearly as much as the coin was.

15. The value which gold and silver might have as merchandise, if no legislation adopted them as monetary masses, is not a constituent element in the value of money.

16. Money is created for the purpose of measuring the relative value of all merchandise and property. The value of money is not measured, is not valued.

17. Money is the material which serves to pay for all that is bought and sold. The material serving as payment is itself unpurchasable, unvendible. Silver is unpurchasable, unvendible, in silver monometallic countries; gold in gold monometallic countries.

EXHIBIT B.

(Presented by the COMMITTEE OF FIFTEEN, page 24.)

DRAFT OF A QUESTIONNAIRE SUBMITTED TO THE COMMITTEE.

BY MR. DANA HORTON.

I.—QUESTIONS concerning the Nature and History of Money.

II.—QUESTIONS concerning the Modern Monetary Policy (before 1873) of certain States, and its Influence upon the Stability of Purchasing Power of Money.

(A.)—In general.

(B.)—Stability of Domestic Purchasing Power.

(C.)—Maintenance of Steady Par between different Systems of Money.

III.—QUESTIONS concerning Monetary Policy since 1873.

(A.)—Stability of Domestic Purchasing Power.

(B.)—Maintenance of Steady Par between different Systems of Money.

I. QUESTIONS CONCERNING THE NATURE AND HISTORY OF MONEY.

1. Does history tell of any development of civil society where there was no imposition and no payment of tribute and taxes, fines and damages?

2. Does not civilization imply the presence of money as a civil institution, an integral portion of the State, and that that which is legal tender in discharge of the obligations mentioned, shall also be an acceptable instrument of valuation on the part of State and individuals, the privileged instrument for preserving, transporting, and exchanging wealth, a convenient medium of commercial exchange, and shall thus become an almost omnipresent element of private contracts?

3. Has not monetary law, which has created almost the entire use made of the precious metals, likewise created nearly the whole of their value?

4. Where several commodities are elevated to the rank of money in different countries, either singly or jointly, at some ratio of equivalence (fixed by national monetary law), does not the total monetary law of countries which use either or all of these commodities as money entirely control the relative employment for them, so that at any given time the rate of their equivalence with each other, whether as actual or potential money, is merely the resultant of the complex forces of existing monetary law?

5. Is the principle of freedom of contract or of freedom of exchange opposed to the simultaneous employment of silver and gold money at a fixed ratio established by the law?

II. Questions concerning the Modern Monetary Policy (before 1873) of certain States, and its Influence upon the Stability of Purchasing Power of Money.

(A.) *In General.*

6. Waiving all questions of the methods of correctly ascertaining general averages of prices, is not stability of average purchasing power the chief desideratum in money?

7. Is not a general reduction of average prices accompanied by a prolonged and insidious crisis?

(B.) *Stability of Domestic Purchasing Power.*

8. Has not each nation, in the proportion of the activity of its people in production and exchange, an equal interest in the stability of the average purchasing power (at home) of its money?

9. Did not the prohibition of silver coinage in England after 1798, at a time when a war demand for gold had compelled the use of paper money, increase the divergence between paper and gold, and assist in maintaining a situation which made the retention of paper money necessary?

10. Did not England's replacement of this paper money by gold alone (1815–1821), withdrawing from its accustomed channels of circulation a considerable portion of the world's stock of gold, at a period when the annual product had been and remained notably deficient, and when the monetary condition of other countries rendered probable a general subsidence of prices, expose England and the Western World to a considerable rise in the purchasing power of money?

(C.) *Maintenance of Steady Par between Different Systems of Money.*

11. Has not each nation, in the proportion of its relations with foreign

nations, either through commerce or through international investments, an interest in the stability of the rate of equivalence between its own money and that of the nation with which it has dealings?

12, 13, 14, 15. Reviewing the monetary policy of the century and half before 1873, during which period monetary law had upheld for silver and gold that position of domestic and international money which they had enjoyed since the origin of civilization, but had omitted by concurrent or identical legislation to fix the ratio of equivalence between them more closely than is indicated by 14.50 to 16 as the limits of its fluctuation, it is asked whether this fluctuation would not have been materially less:

1. Had England, in 1717, or afterwards, conformed her silver and gold ratio to that of France?

2. Had France, in 1785 or 1803, adopted the ratio of 15 instead of that of 15.50?

3. Had England abstained from outlawing silver as domestic money in 1798 or in 1816?

4. Had the United States, in 1834–1837, adopted the ratio 15.50 or 15.62?

16. With reference to the same period, it may be asked whether, in addition to the instability inflicted upon international trade and international investment by the conflicting gold policy of these States, this conflict of policy is not likewise chargeable with the time and labor and capital consumed in effecting exchanges of one kind of money with another, which arose directly from the fluctuations in this rate of equivalence?

17. Has the convenience of mankind been served by making gold lighter and silver heavier, that is to say, by a series of legislative acts which have altered the rate of divergence between them from 14.50 to 15.50, 16 or 18?

18. What portion of the total of monetary law is the efficient cause of the steadiness in the rate of equivalence between gold and silver throughout the period between 1803 and 1873? Was not the free coinage of gold and silver in France the chief cause of the maintenance of a steady rate of equivalence between gold and silver in the period 1803–1873?

19. What would have been the influence upon this rate of equivalence had England and France demonetized gold after the gold discoveries, 1819–1851?

III. Questions concerning Monetary Policy since 1873.

(A.) *Stability of Domestic Purchasing Power.*

20. Did not important reductions in the domestic averages of prices occur throughout the Western World in the years following 1873?

21. Have not coincident changes in monetary law, reducing the supply

of money in the Western World by withdrawal of legal tender power from existing silver coins, by excluding silver from coinage, and by checking the circulation of existing money, been the controlling factor in this reduction?

22. Does not the existing state of business in Europe and America demand, as a condition to the maintenance of the present general average of prices, a considerable annual increase of the material used by them as money?

23. Do not existing probabilities point to a diminished annual production of gold in the future?

24. Does not the present general exclusion of silver from mintage in the Western World, directing monetary demand upon a stock of gold scantily reinforced, promise, if continued, either the evils connected with a reduction of general averages of prices, or an excessive extension of the use of paper money and of transfers of title to money?

25. What would be the effect if a single nation should now, by changing its present monetary laws, sensibly increase its stock of gold?

(B.) *Maintenance of Steady Par between Different Systems of Money.*

26. Can there be any other important causes for the abrupt divergence of the rate of equivalence between silver and gold in international trade which has occurred since 1873, than the withdrawal from silver and transfer to gold of an important part of the normal monetary employment of Europe for silver?

27. Had Germany adopted the silver and gold standard at 15½ to 1 in 1871–1873, would not a higher degree of steadiness in the world's markets have been attained?

28. Would not the accession of England to a Bimetallic Union of Continental States with the United States of America put the par of the metals throughout the world in condition to withstand undisturbed any change of mass, through discovery of either metal, of which history gives precedent?

29. Is it not desirable that there should be uniformity between the States represented in the Conference in the mint charge, or in the charge made in commutation of interest for the time consumed at the mint in converting bullion into money?

EXHIBIT C.

(Presented by Dr. Broch, pages 122—E., 122—H., 122—J.)

Section I.

RELATION OF THE PRICE OF GOLD TO THAT OF SILVER, ACCORDING TO THE MONTHLY AVERAGE PRICE OF SILVER IN THE LONDON MARKET,

BY DR. O. J. BROCH.

Years	January.	February.	March.	April.	May.	June.	uly.	August.	September.	October.	November.	December.	Annual Average.
1845	15 85	15.92	15.95	16.05	16.22	15.98	15.95	15.88	15.88	15 82	15.80	15.92	15.98
1846	15.90	15.92	15.92	15.95	15.98	15.98	15.97	15.95	15 95	15.92	15.73	15.68	15.91
1847	15.68	15.62	15.62	15.65	15.98	15.97	15.92	15.73	15.78	15.92	15.95	15.95	15.82
1848	15.95	15.90	15.93	15.95	15.97	15.85	15.85	15.77	15.78	15.77	15.83	15.85	15.87
1849	15.97	15.78	15.72	15.75	15.75	15.82	15.82	15.77	15.80	15.88	15.85	15.85	15.81
1850	15.82	15 82	15.82	15.82	15 82	15.82	15.78	15.73	15.72	15.65	15.52	15.83	15.72
1851	15.30	15.32	15.33	15.33	15.43	15.43	15.52	15.49	15.57	15.65	15.62	15.52	15.46
1852	15.52	15.59	15.62	15.68	15.75	15.73	15 64	15 62	15.62	15.49	15.32	15.35	15.58
1853	15.36	15.38	15.36	15.36	15.41	15.46	15.35	15.80	15.21	15.40	15.14	15.27	15.33
1854	15.27	15.29	15.26	15.26	15.27	15.36	15.36	15 40	15.36	15.40	15.36	15.32	15.33
1855	15.33	15.32	15.36	15 52	15.43	15.33	15.33	15.33	15 29	15.36	15.41	15 36	15.36
1856	15.40	15.38	15.47	15.46	15.43	15.43	15.40	15.85	15.24	·15.21	15.15	15.18	15.34
1857	15.19	15.24	15.27	15.27	15.33	15.26	15.29	15.24	15.32	15.26	15.29	15.26	15.27
1858	15.35	15.27	15.32	15.36	15.33	15.33	15.44	15 47	15.51	15.40	15.29	15.30	15.36
1859	15.24	15.27	15.26	15.18	15.12	15.19	15.18	15.21	15.27	15.21	15.21	15.21	15.21
1860	15.18	15.19	15.18	15.29	15.30	15.40	15.44	15.36	15.30	15.29	15.32	15.35	15.30
1861	15.38	11.41	15.24	15.44	15.43	15.57	15.67	15.64	15.57	15.52	15.47	15.43	15 48
1862	15.35	15.32	15.38	15.41	15.40	15.33	15.46	15.41	15.38	15.33	15.21	15.29	15.36
1863	15.29	15.33	15.33	15.43	15.38	15.35	15.44	15.46	15.43	15.38	15.35	15 35	15.38
1864	15.23	15 33	15.33	15.54	15.46	15.40	15.41	15.38	15.33	15.46	15.47	15.39	15.39
1865	15.33	15.35	15.41	15 54	15.54	15.57	15.55	15 54	15.51	15.44	15.10	15.32	15.43
1866	15.32	15.43	15.47	15.65	15.32	15.19	15.35	15.57	15.51	15.46	15.47	15.49	15 44
1867	15.49	15.53	15.52	15.46	15.55	15.59	15 59	15.60	15.68	15.61	15.66	15 61	15 57
1868	15.62	15.59	15.54	15.55	15.59	15.62	15.61	15.64	15.66	15.64	15.59	15.54	15.61
1869	15.53	15.49	15.57	15.57	15.65	15.68	15.64	15.64	15 60	15.61	15.59	15.59	15.60
1870	15.57	15.60	15.59	15.61	15.60	15.60	15.45	15.59	15.62	15.59	15.56	15.58	15.60
1871	15.57	15.58	15 61	15.66	15.66	15.63	15.57	15.54	15.52	15.60	15.50	15.52	15.56
1872	15.50	15.45	15.51	15.57	15 68	15.70	15.68	15.68	15.61	15.70	15.85	15.79	15.64
1873	15.75	15.75	15.75	15.78	15.82	15.88	15.90	15.96	16.00	16.05	16.26	16 25	15.98
1874	16.05	16.05	16.00	16.01	16 06	16.06	16 96	16.26	16.32	16.33	16.26	16.40	16.16
1875	16.38	16.42	16.51	16.47	16.61	16.74	16.90	16.76	16.63	16 56	16.61	16.74	16.63
1876	16.98	17.38	17 67	17.55	17.80	17.24	19.59	18.07	18 21	17.96	17.50	16.65	17.80
1877	16.35	16.54	17.16	17.40	17.42	17.59	17.44	17.42	17.32	17.13	17.30	17.20	17.19
1878	17.53	17.38	17.30	17.44	17.62	17.76	17.92	17.97	18.33	18.71	18.65	18.87	17.96
1879	18.84	18 88	19.03	18.97	18 47	18.18	18.18	18.29	18 29	18.11	17.66	17.94	18.39
1880	17.96	18 05	18.14	18.18	18.09	17.97	17.90	17.90	18.02	18.11	18.22	18.19	18 06

SECTION II.

PRODUCTION OF GOLD AND OF SILVER IN THE WORLD ACCESSIBLE TO WESTERN CIVILIZATION,

BY DR. O. J. BROCH.

(1 kilogram of fine gold = $3,444\frac{4}{9}$ francs in comparison with the gold piece of 10 francs. 1 kilogram of fine silver = $222\frac{2}{9}$ francs in comparison with the silver piece of 5 francs.)

TABLE I.—*Production of Gold and of Silver, since the Discovery of America, up to* 1879, *according to* DR. SOETBEER, *of Göttingen*, 1879 *and* 1880.

Periods.	Number of Years.	Annual Average Production.				Total Production.				Average Proportion of the Value of Gold and of Silver in Europe.
		By Weight in Kilograms.		By Value in Francs.		By Weight in Kilograms.		By Value in Francs.		
		Fine Gold.	Fine Silver.	Gold.	Silver.	Fine Gold.	Fine Silver.	Gold.	Silver.	
		Kilog.	Kilog.	Francs.	Francs.	Kilog.	Kilog.	Francs.	Francs.	
1493–1520	28	5,800	47,000	19,980,000	10,440,000	162,400	1,316,000	560,000,000	292,000,000	11.3
1521–1544	24	7,160	90,200	24,660,000	20,040,000	171,800	2,165,000	592,000,000	481,000,000	11.2
1545–1560	16	8,510	311,600	29,310,000	69,240,000	136,200	4,986,000	469,000,000	1,108,000,000	11.3
1561–1580	20	6,840	299,500	23,560,000	66,560,000	136,800	5,990,000	471,000,000	1,331,000,000	11.7
1581–1600	20	7,380	418,900	25,420,000	93,100,000	147,600	8,378,000	508,000,000	1,862,000,000	11.9
1601–1620	20	8,520	422,900	29,350,000	93,980,000	170,400	8,458,000	587,000,000	1,880,000,000	13.0
1621–1640	20	8,300	393,600	28,590,000	87,470,000	166,000	7,872,000	572,000,000	1,749,000,000	13.4
1641–1660	20	8,770	366,300	30,210,000	81,400,000	175,400	7,326,000	604,000,000	1,628,000,000	13.8
1661–1680	20	9,260	337,000	31,900,000	74,900,000	185,200	6,740,000	638,000,000	1,498,000,000	14.7
1681–1700	20	10,765	341,900	37,080,000	76,000,000	215,300	6,838,000	742,000,000	1,520,000,000	15.0
1701–1720	20	12,820	355,600	44,160,000	79,000,000	256,400	7,112,000	883,000,000	1,580,000,000	15.2
1721–1740	20	19,080	431,200	65,720,000	95,800,000	381,600	8,624,000	1,314,000,000	1,916,000,000	15.1
1741–1760	20	24,610	533,145	84,770,000	118,500,000	492,200	10,663,000	1,695,000,000	2,370,000,000	14.8
1761–1780	20	20,705	652,740	72,320,000	145,000,000	414,100	13,055,000	1,426,000,000	2,900,000,000	14.8
1781–1800	20	17,790	879,060	61,280,000	195,300,000	355,800	17,581,000	1,226,000,000	3,906,000,000	15.1
1801–1810	10	17,778	894,150	61,240,000	198,700,000	177,800	8,942,000	612,000,000	1,987,000,000	15.6
1811–1820	10	11,445	540,770	39,420,000	120,200,000	114,400	5,408,000	394,000,000	1,202,000,000	15.5
1821–1830	10	14,216	596,450	48,970,000	102,300,000	142,200	4,606,000	490,000,000	1,023,000,000	15.8
1831–1840	10	20,289	450,560	69,900,000	132,500,000	202,900	5,964,000	699,000,000	1,325,000,000	15.7
1841–1850	10	54,759	780,415	188,600,000	173,400,000	547,600	7,804,000	1,886,000,000	1,734,000,000	15.8
1851–1855	5	197,515	886,115	680,300,000	196,900,000	987,600	4,431,000	3,402,000,000	985,000,000	15.4
1856–1860	5	206,058	904,990	709,800,000	201,100,000	1,030,000	4,525,000	3,549,000,000	1,006,000,000	15.3
1861–1865	5	185,123	1,101,150	637,600,000	244,700,000	925,600	5,506,000	3,188,000,000	1,228,000,000	15.4
1866–1870	5	191,900	1,839,085	661,000,000	297,600,000	959,500	6,695,000	3,305,000,000	1,488,000,000	15.6

1871-1875	5	170,675	1,969,425	588,000,000	437,660,000	853,400	9,847,000	2,940,000,000	2,188,000,000	16 0
1876	1	171,700	2,365,000	591,500,000	525,500,000					17.80
1877	1	182,800	2,428,000	629,806,000	589,500,000					17 19
1878	1	183,700	2,603,000	632,600,000	578,300,000					17 96
1879	1	156,900	2,557,000	540,300,000	568,200,000					18 89
1876-1879	4	173,775	2,488,250	598,550,000	552,875,000	695,100	9,953,000	2,894,000,000	2,211,000,000	17 40
1493-1600	108	6,990	211,400	24,070,000	46,280,000	754,800	22,835,000	2,600,000,000	5,074,000,000	11 5
1601-1700	100	9,123	372,840	31,430,000	82,750,000	912,300	37,234,000	3,143,000,000	8,275,000,000	14 0
1701-1800	100	19,001	570,350	65,440,000	126,720,000	1,900,100	57,035,000	6,544,000,000	12,672,000,000	15 0
1801-1850	50	23,698	654,480	81,620,000	145,420,000	1,184,900	32,724,000	4,081,000,000	7,271,000,000	15 7
1851-1879	29	187,973	1,312,300	647,520,000	313,840,000	5,451,200	40.957,000	18,778,000,000	9,101,000,000	15.85
1493-1879	387	TOTAL PRODUCTION				10,203,300	190,785,000	35,146,000,000	42,393,000,000	

TABLE 3.—*Production of Gold and of Silver according to the Estimate of* MR. BURCHARD, *Director of the Mint of the United States, Washington,* 1880.

Years.	By Weight in Kilograms.		By Value in Francs.	
	Fine Gold.	Fine Silver.	Gold.	Silver.
		Kilog.	Francs.	Francs.
1877	171,400	2,175,000	590,500,000	483,000,000
1878	179,100	2,326,000	616,900,000	517,000,000
1879	158,500	2,175,000	546,600,000	483,000,000

TABLE 4.—*Exportation of Australian Gold, including Tasmania and New Zealand (not including Intercolonial Transport of Gold), according to the "Statistical Abstracts."*

Financial Years.	Weight of Fine Gold in Kilograms.	Value of Gold Exported in Francs.
	Kilog.	Francs.
1-5 1850— 30-4 1851	6,570	22,600,000
1851— 1852	69,370	238,900,000
1852— 1853	76,200	262,500,000
1853— 1854	75,120	258,800,000
1854— 1855	81,040	279,200,000
1855— 1856	91,860	316,400,000
1856— 1857	82,960	285,800,000
1857— 1858	83,620	288,000,000
1858— 1859	85,240	293,600,000
1859— 1860	74,590	256,900,000
1860— 1861	79,930	275,300,000
1861— 1862	76,560	263,700,000
1862— 1863	88,980	289,300,000
1-5 1863— 30-4 1864	66,090	227,600,000
1-5 1864— 30-4 1865	69,810	240,500,000
1-5 1865— 30-4 1866	70,430	242,600,000
1-4 1866— 31-3 1867 (11 months)	64,420	221,500,000
1-4 1867— 31-3 1868	68,470	235,900,000
1868— 1869	76,030	261,900,000
1869— 1870	60,320	207,800,000
1870— 1871	55,690	191,800,000
1871— 1872	55,630	191,600,000
1872— 1873	68,610	236,300,000
1873— 1874	56,110	193,300,000
1874— 1875	50,890	175,300,000
1875— 1876	42,420	146,100,000
1876— 1877	55,650	191,700,000
1-4 1877— 31-3 1878	42,680	147,000,000
1-5 1850— 31-3 1878 for 28 Years, Total Exportation of Gold from Australia	1,870,290	6,441,900,000

	Merchandise.			Notes.
	Importations to India.	Exportations from India.	Surplus of Exportations.	
18	Lakhs of Rupees.	Lakhs of Rupees.	Lakhs of Rupees	
18	1,894.5	2,304.0	909.5	Years of the Indian Mutiny. The mutiny broke out on the 4th May, 1857, and only closed in July, 1859. This mutiny is the cause of the small number of Indian Council Bills drawn on India.
18	1,419.5	2,534.0	1,114.5	
18	1 527.5	2,746.0	1,218.5	
18	2,173.0	2,986.0	813.0	
18	2,426.5	2,796.0	869.5	
18	2.849.4	3,297.0	947.6	Years of the civil war in the United States. The War of Secession, breaking out on the 12th April, 1861, was the cause of the cotton famine in Europe, and of the considerable increase of Indian cotton.
18	2,232.0	3,631 7	1,399.7	
18	2,263.2	4,786.0	2,522 8	
18	2,714.6	6,562.5	3.847.9	
18	2,815.1	6,802.7	3,987.6	The conversion of pound sterling in rupees has been made for the years 1855–1872, according to the proportions of— £1. ster.=10 rupees. For the year 1872–1873 " 10.2 "
18	2,959 9	6,549.1	3,589.2	
18	2,701.5	4,186.0	1,484.5	
18	3,566.4	5,004.6	1,438.2	
18	3 593.2	5,231.6	1,638.5	
18	[illegible]	[illegible]	[illegible]	

TABLE 5—*Production of Gold and Silver in the United States, according to the Estimate of the Director of the Washington Mint.*

Years ending 30th June.	By Weight in Kilograms.		By Value in Francs.	
	Fine Gold.	Fine Silver.	Gold.	Silver.
	Kilog.	Kilog.	Francs.	Francs.
1845	1,500	....	5,200,000	....
1846	1,700	....	5,700,000	....
1847	1,300	....	4,600,000	....
1848	15,000	....	52,000,000	....
1849	60,200	....	207,000,000	....
1850	75,200	....	259,000,000	....
1851	82,800	....	285,000,000	....
1852	90,300	....	311,000,000	....
1853	97,800	....	337,000,000	....
1854	90,300	....	311,000,000	....
1855	82,800	....	285,000,000	....
1856	82,800	....	285,000,000	....
1857	82,800	....	285,000,000	....
1858	75,200	12,000	259,000,000	2,700,000
1859	75,200	2,400	259,000,000	500,000
1860	69,200	3,600	238,000,000	800,000
1861	64,700	48,100	223,000,000	10,700,000
1862	59,000	108,300	203,000,000	24,000,000
1863	60,200	204,500	207,000,000	44,400,000
1864	69,400	264,600	239,000,000	58,800,000
1865	80,100	270,600	276,000,000	60,100,000
1866	80,500	240,600	277,000,000	53,500,000
1867	77,800	324,800	268,000,000	72,200,000
1868	72,200	288,700	249,000,000	64,100,000
1869	74,500	288,700	257,000,000	64,100,000
1870	75,200	384,900	259,000,000	85,500,000
1871	65,400	553,800	225,000,000	123,800,000
1872	54,200	691,600	187,000,000	153,700,000
1873	54,200	860,000	187,000,000	191,100,000
1874	60,200	769,800	207,000,000	171,000,000
1875	60,200	769,800	207,000,000	171,000,000
1876	66,700	998,300	230,000,000	219,400,000
1877	67,900	937,000	234,000,000	208,200,000
1878	71,100	1,124,000	245,000,000	249,800,000
1879	58,500	981,800	202,000,000	218,200,000
1880	54,200	906,900	187,000,000	201,500,000
Total Production (36 Years for Gold, 23 Years for Silver)	2,310,300	11,034,300	7,957,000,000	2,410,400,000

SECTION IV.

TABLE OF THE PRICE OF CEREALS AT THE MARKETS OF COPENHAGEN, HAMBURG, BERLIN, LONDON, AND IN FRANCE,

BY DR. O. J. BROCH.

TABLE 1.—*The Copenhagen Market.*

Average price of Cereals in the Diocese of Själand (Denmark), according to a memorandum of M. W. SCHARLING, Professor of Political Economy at the University of Copenhagen, up to 1869, and according to the Official Statistics of the Kingdom of Denmark for the last 10 years.

The prices are reduced by M. W. SCHARLING to silver, and expressed in rigsdalers per tönde. They are reduced into francs per hectolitre, according to the following ratios: 1 tönde = 1 h 39; 1 rigsdaler = 2 fr. 80 cent. In the Official Statistics the prices are given in crowns per "tönde," and reduced according to the proportion of 72 crowns for 100 francs in gold.

AVERAGE PRICE IN FRANCS PER HECTOLITRE.

Periods.	Rye.	Barley.	Oats.
	Fr. c.	Fr. c.	Fr. c.
1601–1610	5 81	5 05	......
1611–1620	5 90	5 56	......
1621–1630	10 15	7 12	......
1631–1640	7 67	6 28	3 54
1641–1650	8 88	6 61	3 50
1651–1660	7 08	6 09	2 94
1661–1670	7 54	6 06	3 56
1671–1680	7 10	5 50	3 77
1681–1690	6 74	5 31	3 20
1691–1700	8 76	6 18	3 73
1701–1710	7 03	5 17	2 86
1711–1720	7 41	5 52	3 28
1721–1730	6 49	4 86	2 82
1731–1740	6 27	4 80	2 51
1741–1750	7 08	4 63	2 74
1751–1760	7 22	5 28	3 45
1761–1770	9 14	6 09	3 50
1771–1780	8 97	5 94	3 71
1781–1790	9 86	7 64	4 95
1791–1800	11 46	7 81	5 37
1801–1810	17 03	9 77	6 61
1811–1818	The prices of the paper currency have been so variable, that it has been impossible to fix the average price in silver.		
1819–1830	6 65	4 76	3 47
1831–1840	8 15	5 92	4 21
1841–1850	9 35	7 12	5 08
1851–1860	12 87	10 34	7 22
1861–1870	13 12	10 84	7 66
1871–1879	13 57	12 87	8 66
1819–1850	8 01	5 90	4 21
1851–1879	13 16	11 30	7 81

Years.	Rye.	Barley.	Oats.
	Fr. c.	Fr. c.	Fr. c.
1850	7 98	7 12	5 03
1851	11 87	8 02	5 56
1852	10 57	8 68	5 35
1853	19 04	12 11	8 15
1854	13 16	10 03	7 62
1855	19 37	18 77	9 73
1856	12 88	11 67	7 89
1857	10 38	9 98	7 79
1858	9 68	8 85	6 57
1859	10 26	9 79	6 68
1860	11 56	10 61	6 84
1861	14 76	10 72	6 91
1862	11 44	9 29	6 48
1863	9 43	7 85	5 35
1864	11 29	9 14	7 45
1865	13 24	10 36	8 13
1866	12 57	12 30	7 75
1867	19 24	13 62	9 43
1868	15 77	14 72	10 76
1869	10 95	9 37	6 61
1870	12 52	10 97	7 66
1871	13 97	11 89	7 81
1872	13 89	12 85	7 89
1873	16 47	14 22	9 40
1874	14 48	14 00	10 28
1875	13 69	13 17	9 62
1876	14 46	13 45	10 08
1877	12 30	12 78	8 26
1878	11 05	11 29	7 08
1879	12 35	12 18	7 48

TABLE 2.—*The Hamburgh Market, Stock Exchange, January*, 1880.

AVERAGE PRICES IN FRANCS PER 100 KILOGRAMMES, AT THE BEGINNING OF THE FOLLOWING YEARS.

Years.	Wheat.	Rye.	Barley.	Oats.
	Fr. c.	Fr. c.	Fr. c.	Fr. c.
1 January 1826	11 11	7 65	6 67	5 62
" 1827	15 68	15 00	11 67	15 25
" 1828	14 82	12 72	9 20	7 72
" 1829	28 45	13 64	18 09	10 31
" 1830	17 10	10 99	8 76	9 14
" 1831	25 62	16 79	13 06	11 27
" 1832	20 87	15 99	11 73	9 14
" 1833	14 14	11 54	9 44	8 09
" 1834	12 84	10 68	7 96	7 04
" 1835	12 04	11 42	9 07	7 96
" 1836	11 91	10 49	9 88	7 28
" 1837	15 43	12 72	10 80	10 06
" 1838	14 94	11 85	8 52	7 96
" 1839	29 08	17 47	13 70	12 10
" 1840	23 08	18 70	13 39	11 42
" 1841	18 15	19 26	10 69	11 11
" 1842	24 93	15 93	10 49	9 51
" 1843	18 64	16 05	11 23	10 56
" 1844	19 51	13 95	11 33	11 23
" 1845	16 23	11 48	12 16	10 00
" 1846	23 58	17 65	12 35	12 28
" 1847	27 59	24 38	19 94	16 48
" 1848	24 20	15 86	13 33	12 04
" 1849	18 09	10 25	11 05	7 59
" 1850	17 96	10 37	10 06	7 96
" 1851	18 15	14 26	11 91	11 05
" 1852	19 51	19 14	14 88	11 80
" 1853	21 54	16 54	15 00	12 65
" 1854	33 27	28 27	21 17	18 33
" 1855	31 54	22 41	18 09	15 62
" 1856	37 84	31 23	22 58	18 89
" 1857	25 93	17 41	18 09	14 20
" 1858	21 30	16 02	15 46	16 75
" 1859	22 47	16 76	15 27	17 13
" 1860	24 26	18 52	19 44	17 41
" 1861	28 80	19 07	22 41	17 59
" 1862	31 30	22 50	17 22	17 50
" 1863	25 28	18 80	15 37	14 35
" 1864	20 19	14 72	16 11	14 81
" 1865	18 89	13 33	14 44	13 80
" 1866	25 66	20 09	22 04	19 91
" 1867	32 04	21 95	26 20	18 24
" 1868	35 93	30 65	25 00	20 83
" 1869	26 20	21 85	27 59	21 48
" 1870	22 96	17 04	21 02	16 11
" 1871	27 78	20 46	21 30	18 98
" 1872	30 93	21 85	26 39	18 33
" 1873	31 98	25 93	28 40	20 99
" 1874	23 95	21 60	26 23	23 08
" 1875	23 95	21 23	25 93	23 08
" 1876	25 43	20 99	24 17	21 30
" 1877	28 64	23 76	24 07	21 67
" 1878	27 47	20 68	25 93	20 68
" 1879	21 91	16 05	24 69	16 17
" 1880	28 95	22 35	25 62	17 90
1826–1830	17 33	12 00	9 88	9 61
1831–1835	17 00	13 28	10 25	8 70
1836–1840	18 89	13 25	10 36	9 76
1841–1845	19 49	15 33	11 26	10 58
1846–1850	22 28	15 69	13 35	13 27
1851–1855	24 80	20 12	16 11	13 79
1856–1860	26 36	19 99	18 16	16 88
1861–1865	24 89	17 68	17 11	15 61
1866–1870	28 56	22 32	24 87	19 81
1871–1875	27 72	22 21	25 65	20 89
1876–1880	26 48	20 76	24 20	19 54

TABLE 3.—*Berlin Market.*

1 hectolitre on an average = 75 kilogrammes.

PRICE OF RYE TO BE DELIVERED NEXT SPRING.

Years.	Price of 100 Kilogrammes in Francs.	Price per Hectolitre in Francs.
	Fr. c.	Fr. c.
1 January, 1859	18 57	13 93
" 1860	17 36	13 02
" 1861	18 31	13 73
" 1862	19 24	14 43
" 1863	16 27	12 58
" 1864	13 59	10 19
" 1865	12 66	9 50
" 1866	18 84	14 13
" 1867	19 93	14 95
" 1868	27 32	20 49
" 1869	18 61	13 96
" 1870	16 50	12 38
" 1871	19 93	14 95
" 1872	20 96	15 72
" 1873	20 85	15 64
" 1874	23 61	17 71
" 1875	18 49	13 87
" 1876	19 29	14 47
" 1877	20 52	15 39
" 1878	17 62	13 22
" 1879	15 01	11 26
" 1880	21 59	16 19
" 1881	24 64	18 48
1859-1860	17 96	13 47
1860-1865	16 11	12 09
1866-1870	20 24	15 18
1871-1875	20 77	15 58
1876-1880	18 81	14 11

TABLE 4.—*France.*

Official Statistics of France.

AVERAGE PRICE OF THE HECTOLITRE OF WHEAT.

Years.	Price of the Hectolitre of Wheat.	Years.	Price of the Hectolitre of Wheat.
	Fr. c.		Fr. c.
1821	17 79	1828	22 03
1822	15 49	1829	22 59
1823	17 52	1830	22 39
1824	16 22	1831	22 10
1825	15 74	1832	21 85
1826	15 85	1833	15 62
1827	18 20	1834	15 25

TABLE 4.—*France.*—Continued.

Years.	Price of the Hectolitre of Wheat.	Years.	Price of the Hectolitre of Wheat.
	Fr. c.		Fr. c
1835	15 25	1858	16 75
1836	17 82	1859	16 74
1837	18 53	1860	20 24
1838	19 31	1861	24 55
1839	22 14	1862	23 24
1840	21 84	1863	19 78
1841	18 54	1864	17 58
1842	19 55	1865	16 41
1843	20 46	1866	19 61
1844	19 75	1867	26 19
1845	19 75	1868	26 64
1846	24 05	1869	20 83
1847	29 01	1870	....
1848	16 05	1871	25 65
1849	15 87	1872	23 15
1850	14 82	1873	25 62
1851	14 48	1874	25 11
1852	17 23	1875	19 32
1853	22 39	1876	20 59
1854	28 82	1877	23 44
1855	30 32	1878	23 00
1856	30 75	1879	21 98
1857	24 34		

Quinquennial Periods.	Average Price.	Quinquennial Periods.	Average Price.
	Fr. c.		Fr. c.
1821-1825	16 55	1851-1855	22 65
1826-1830	20 21	1856-1860	19 76
1831-1835	18 01	1861-1865	20 31
1836-1840	19 83	1866-1870	23 19
1841-1845	19 61	1871-1875	23 77
1846-1850	19 76	1876-1879	22 25

TABLE 5.—*London Market.*

("The Economist," 1st March, 1875, and 13th May, 1880.)

1 quarter=2·908 hectolitres. 1 liv. st.=20*s*. 91=240*d*.=25*f*. 22*c*. 16.

AVERAGE PRICE OF HOME-GROWN WHEAT.

Years.	Price per Quarter.		Price per Hecto-litre.		Years.	Price per Quarter.		Price per Hecto-litre.		Years.	Price per Quarter.		Price per Hecto-litre.	
	s.	d.	Fr.	c.		s.	d.	Fr.	c.		s.	d.	Fr.	c.
1781	46	1	19	96	1815	65	7	28	43	1848	50	6	21	90
1782	49	3	21	36	1816	78	6	34	04	1849	44	3	19	19
1783	54	3	23	53	1817	96	11	42	03	1850	40	3	17	45
1784	50	4	21	83	1818	86	3	37	40	1851	38	7	16	73
1785	43	1	18	68	1819	74	6	32	31	1852	41	-	17	78
1786	40	-	17	35	1820	67	10	29	42	1853	53	-	22	98
1787	42	5	18	39	1821	56	1	24	32	1854	72	7	31	48
1788	46	4	20	09	1822	44	7	19	33	1855	74	9	32	09
1789	52	9	22	88	1823	53	4	23	13	1856	69	2	30	00
1790	54	9	23	74	1824	63	11	27	72	1857	56	5	24	47
1791	48	7	21	07	1825	68	6	29	71	1858	44	4	19	23
1792	43	-	18	65	1826	58	8	25	44	1859	43	9	18	97
1793	49	3	21	25	1827	58	6	25	37	1860	53	1	23	02
1794	52	3	22	55	1828	60	5	26	20	1061	55	6	24	07
1795	75	2	32	60	1829	66	3	28	73	1862	55	5	24	03
1796	78	7	34	08	1830	64	3	27	86	1863	42	9	18	54
1797	53	9	23	31	1831	66	4	28	77	1864	40	-	17	35
1798	51	10	22	48	1832	58	8	25	44	1865	41	10	18	14
1799	69	-	29	29	1833	52	11	22	95	1866	49	11	21	65
1800	113	10	49	37	1834	46	2	20	02	1867	64	6	27	97
1801	119	6	51	82	1835	39	4	17	06	1868	63	9	27	65
1802	69	10	30	28	1836	48	6	21	03	1869	48	3	21	02
1803	58	10	25	51	1837	55	10	24	21	1870	46	10	20	31
1804	62	3	27	00	1838	64	7	28	01	1861	56	8	24	57
1805	49	9	21	58	1839	70	8	30	65	1872	57	1	24	76
1806	59	1	25	62	1840	66	4	28	77	1873	58	8	25	44
1807	75	4	32	67	1841	64	4	27	90	1874	55	10	24	21
1808	81	4	35	27	1842	57	3	24	83	1875	45	3	19	62
1809	97	4	42	21	1843	50	1	21	72	1876	46	3	20	06
1810	106	5	46	15	1844	51	3	22	23	1877	56	10	24	65
1811	95	3	41	31	1845	50	10	22	04	1878	46	5	20	13
1812	126	6	54	86	1846	54	8	23	71	1879	39	7	17	17
1813	109	9	47	60	1847	69	9	30	25	1880	46	11	20	35
1814	74	4	32	24										

AVERAGE PRICE FOR QUINQUENNIAL PERIODS.

1781–1785	48	7	21	07	1826–1830	61	7	26	72	1866–1870	54	8	23	72
1786–1790	47	3	20	49	1831–1835	52	8	22	85	1871–1875	54	8	23	72
1791–1795	53	8	23	22	1836–1840	61	2	26	53	1876–1880	47	2	20	47
1796–1800	73	5	31	70	1841–1845	54	9	23	74					
1801–1805	72	-	31	24	1846–1850	51	11	22	50	1781–1800	55	9	24	12
1806–1810	83	11	36	38	1851–1855	56	-	24	21	1801–1820	82	9	35	89
1811–1815	94	8	40	89	1856–1860	53	4	23	14	1821–1848	57	7	24	98
1816–1820	80	10	35	04	1861–1865	47	1	20	43	1848–1880	51	7	22	35
1821–1825	57	3	24	84										

On the 27th February, 1797, the Bank of London was forbidden by an order to cash its notes. Notes continued to be inconvertible until 1820. At the beginning of this period of enforced currency, bank notes remained nearly at par, but from 1800 to 1809 they were only worth 90 to 97 per cent. of gold, and in 1814 the price was 80 per cent. in proportion to gold. From 1818 they were nearly at par, and in 1820 the bank began again to cash them in gold.

Custom duties on cereals have been abolished since 1848.

SECTION V.

STATEMENT OF THE SCANDINAVIAN COINAGE SYSTEM, AND OF THE MINTAGE OF COINS IN THE SCANDINAVIAN MONETARY UNION, IN PURSUANCE OF THE TREATIES OF OCTOBER 18, 1872, AND MAY 27, 1873.

THE SCANDINAVIAN COINAGE SYSTEM. By DR. O. J. BROCH.

The three Scandinavian kingdoms, Norway, Sweden, and Denmark, have concluded between them a monetary treaty, based upon the employment of the single gold standard, and on a common system of money of account; gold moneys, and fractional moneys in token silver and in bronze.

The monetary unit is expressed by the *Krone* (crown), divided into 100 *öre*.

The gold coins are of the standard of nine-tenths, that is to say, of nine parts gold with one part copper.

Two kinds of gold money are coined, those of 20 crowns and those of 10 crowns—124 pieces of 20 crowns, or 248 pieces of 10 crowns—are made out of a kilogramme of fine gold.

The weight of these pieces should, therefore, be, respectively, $\frac{1000}{124} \times \frac{10}{9} =$ 8.96057 grammes, and 4.40829 grammes.

Of fractional pieces there may be coined pieces of two crowns, one crown, 50, 40, 25, and 10 öre. The following table gives the fineness, the gross weight, the net weight in fine gold or fine silver; lastly, the diameter of all these coins.

Metal.	Value of the Coins.	Fineness.	Gross Weight in Grammes.	Amount of Pure Gold or Silver in Grammes.	Diameter in Millimeters.
Gold	20 kr.	0.9	8.9606	8.06452	23
	10 kr.		4.4803	4.03226	18
Silver	2 kr.	0.8	15.000	12.000	31
	1 kr.		7.500	6.000	25
	50 öre.	0.6	5.000	3.000	22
	40 öre.		4.000	2.400	20
	25 öre.		2.420	1.452	17
	10 öre.	0.4	1.450	0.580	15
Bronze	5 öre.	95 copper.	8.000	...	27
	2 öre.	4 tin.	4.000	...	21
	1 öre.	1 zinc.	2.000	...	16

The tolerance of fineness for the coinage of the gold coins is 0.0015; for weight, 0.0015 for the piece of 20 crowns, and 0.002 for the piece of 10 crowns. But besides this, no 10 kilogrammes of gold coins (1,116 pieces of 20 crowns or 2,232 pieces of 10 crowns) must differ more than five grammes from the standard weight; there is thus an average tolerable in addition which does not exceed the limit of 0.0005.

The gold coins cease to be legal tender between private individuals when they shall have lost by wear more than half per cent of their weight, but as long as by wear they shall not have lost more than two per cent. of their legal weight, they are not only legal tender in Government offices, but each of the contracting States is bound to exchange the pieces worn more than half per cent. for such gold coins as have legal currency between private individuals. In Norway and in Denmark special laws bind the State to receive and exchange for good coins

all gold coins of their imprint which shall have lost by wear any proportion of their weight greater than half per cent. In Norway the National Bank is charged with the duty of weighing every piece of money which passes through its hands, and sending back to the State every coin which has lost more than half per cent. of its legal weight.

The coins which have been fraudulently diminished in weight cease to have legal currency.

The coinage is carried on exclusively at the mints, at Stockholm for Sweden, at Kongsberg for Norway, at Copenhagen for Denmark. It is done by the functionaries of the State, and the treaty forbids its being left to contractors.

Any person who brings to the mint gold whose quantity, fineness, and other qualities answer to certain conditions, has the right of having it coined on paying a quarter per cent. for the pieces of 20 crowns, and one third per cent. for the pieces of 10 crowns. No seigniorage can be demanded beyond this price of coinage.

In Norway, the National Bank is bound by a special law to buy every bar of gold whose fineness is certified in a satisfactory way, paying 2,480 crowns for the kilogramme of fine gold, after deduction of a quarter per cent. for cost of coinage; the kilogramme of fine gold is, therefore, exchangeable at the Bank at any time for 2,473 crowns 80 öre. In Norway, in consequence of this arrangement, the Bank alone, in practice, has gold money coined.

The fractional pieces of silver or bronze are considered as legal payment only to the amount of 20 crowns for the two-crown and one-crown pieces; only to the amount of five crowns for the smaller coins of silver; and only to the amount of one crown for bronze money. In each of the three States public treasuries are established, where any amount of fractional money, which is a multiple of 10 crowns, can be exchanged for gold money.

The coinage of fractional pieces of silver and bronze can be carried on only on government account. The monetary treaty places no limit on this coinage.

All coins in gold, silver, and bronze, coined by virtue of the monetary treaty, are legal tender in the three kingdoms under the above-stated conditions.

TABLE OF THE MINTAGE OF COINS IN THE SCANDINAVIAN MONETARY UNION, UP TO DECEMBER 31, 1880.

100 francs in gold = 72 Scandinavian kroner (crowns) = 81 German marks.

Designation of the Coins.		Denmark.	Sweden.	Norway.	Scandinavian Monetary Union.
		Kroner öre.	Kroner öre.	Kroner öre.	Kroner öre.
Gold	20 kr.	30,086,120 00	31,746,100 00	12,686,480 00	74,518,700 00
	10 kr.	4,668,520 00	7,126,340 00	441,130 00	12,235,990 00
	Total	34,754,640 00	38,872,440 00	13,127,610 00	86,754,690 00
Silver	2 kr.	9,753,950 00	1,718,658 00	600,000 00	12,072,608 00
	1 kr.	5,328,527 00	6,850,297 00	1,800.000 00	13,973,824 00
	50 öre	....	1,281,938 50	800,000 00	2,081,938 50
	25 öre	2,084,625 00	2,072,255 75	800.000 00	4,906,880 75
	10 öre	1,036,127 80	704,410 00	740,500 00	2,481,037 80
	Total	18,148,229 80	12,627,559 25	4,740,500 00	35,516,289 05
Bronze	Total	545,038 48	540,865 97	320,000 00	1,405,904 45
	Total Mintage	53,447,908 28	52,040.865 22	18,188,110 00	123,676,883 50

The total mintage, therefore, of fractional tokens of silver and of bronze in the Scandinavian Monetary Union, is for 36,922, 193 kr. 50 öre = 51,280,824 francs, or per capita: 4 kr. 34 öre = 6 francs 03 centimes.

THIRD SESSION.

THIRD SESSION.

SATURDAY, *May 7th*, 1881.

MR. MAGNIN presided, and there were present the Delegates of—
Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India, and Canada,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden,
Norway,
Switzerland,
The United States of America, and of
France,
who attended the previous Session.

The Session began at 2.30 P. M.

The minutes of the previous Session were read and adopted.

The chief DELEGATE OF THE NETHERLANDS, on his own behalf and that of all his foreign colleagues, expressed a wish that the Monetary Conference should be allowed to pay its respects to the President of the French Republic.

THE PRESIDENT replied that he would at once convey to the President of the Republic the expression of the desire evinced by the Conference. He had no doubt that the President of the Republic would be happy to receive the Delegates.

MR. DENORMANDIE invited the Conference to visit the Bank of France.

This offer was cordially accepted, and the visit fixed for Monday, the 9th May.

The DELEGATE OF PORTUGAL communicated to the Conference a note on the monetary system of Portugal, the manufacture of coin in that country, and the monetary situation of the Portuguese Colonies.[1]

MR. CERNUSCHI, Delegate of France, laid on the table of the Conference, as the complement to the suggestion made by him at the last Session respecting the reimbursement of the 96 millions of marks lost by Germany, the following proposition:

"The Governments here represented are requested to furnish the Conference with detailed information concerning their mintage of silver since the 1st January 1874.

"To state the quantities of silver converted either into coin with unlimited legal tender, into coin with limited legal tender, or into coin current outside the State manufacturing it.

"The cost, to each State, of the metal which served to manufacture these different coins.

"The additional sum which must have been expended in buying the silver thus minted, if bimetallism, at $15\frac{1}{2}$, had been in force, that is to say, if silver had still been worth $60\frac{13}{16}$*d.* per English ounce, $\frac{37}{40}$ fine.

"The total amount of the profit realized by the State, by buying silver at prices below $60\frac{13}{16}$*d.*

"To state the amount manufactured for private individuals which yielded no profit to the Government, and give the price of silver at London at the time when these individuals presented the ingots for mintage.

"To indicate, if possible, the source of the ingots by the marks they bore.

"To indicate whether old demonetized coins have been reminted, and to what amount.

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[1] See Exhibit A., p. 95.

"To indicate whether the banks of issue themselves presented silver for mintage, and how much; and whether the profit resulting from the difference between the nominal value of the coin and the price of the metal accrued to the banks themselves or to the State.

"The German Government is requested to state how much silver money was coined by the various German States in 1869, 1870, 1871, and at what date the last thaler and last florin was coined.

"The German Government is requested to state at what date it ceased coining double thalers.

"The French Government is requested to obtain official information on the mintage of silver in Roumania, Servia, Montenegro, and Bulgaria."

The Conference resolved that this proposition should be printed and distributed, in order that the Delegates might communicate it to their respective Governments.

Mr. Cernuschi asked whether the German Government would not deem it expedient to withdraw, *en bloc*, from circulation all the thalers which were now neither salable nor fit to be melted down, and to substitute State notes in their place. This operation, which might be very rapidly effected, would have the twofold advantage of preventing any clandestine mintage of thalers, and of ascertaining the exact importance of the stock of silver existing in Germany.

The chief Delegate of Germany replied, that his instructions did not allow him to transmit to his Government, either officially or even informally, the proposal just made by Mr. Cernuschi, but the Berlin Cabinet would, of course, have cognizance of it through the insertion of the question in the minutes. Personally, Baron Thielmann did not think that if the operation proposed by Mr. Cernuschi were effected in Germany it could be carried out at a very early date. He remarked, moreover, that but slight uncertainty really existed as to the importance of the stock of thalers still in circulation in the German Empire. The estimates differed but little; they varied between 410 and 500 millions of marks, and the Conference might consider the average of 450 or 460 millions of marks as very near the truth.

Mr. Cernuschi remarked, that by now completing the with-

drawal of the thalers from circulation, either in order to sell them or to convert them into marks, the German Government would merely hasten the inevitable conclusion of its monetary reform, for the creation of the mark logically and necessarily involved the disappearance of the thaler, as German money, at a more or less distant time.

The chief DELEGATE OF GERMANY replied, that the German monetary reform certainly did not appear to have been made with the idea of indefinitely retaining the existing stock of thalers, but, he added, that the date at which these thalers should be demonetized, or recoined, could not be foreseen.

THE PRESIDENT declared the matter at an end.

MR. DANA HORTON announced his intention of asking the Delegates for information, first, as to the movement of gold, and the quantities of gold, coined or uncoined, existing in each of the countries represented at the Conference; secondly, as to the general averages of prices of the chief articles of merchandise in the same States in the last fifteen or twenty years.

After remarks from Mr. Pirmez and Mr. de Thoerner, it was agreed that Mr. Dana Horton should draw up a special interrogatory, which would be printed, and distributed to all the members of the Conference.

MR. DANA HORTON asked for an explanation of a passage in the declaration read at the preceding session by Baron Von Thielmann on behalf of the German Government. That passage was in these terms: "We unreservedly acknowledge that a rehabilitation of silver is to be desired, and that it might be arrived at through the re-establishment of the free mintage of silver in a certain number of the most populous States represented at this Conference, who, for that purpose, would take for a basis a fixed ratio between the value of gold and that of silver."

Now, among the "most populous States represented at this Conference," it was difficult not to include that country which reckoned the largest number of inhabitants, viz., England, with her Indian Empire. It would, therefore, be interesting to know in what degree England's attitude might have been the cause of the reserve shown by Germany in her proposals, and whether it might be hoped that if England made some concessions, Germany, in turn, would be disposed to enlarge her own.

The chief DELEGATE OF GERMANY replied, that England's attitude had certainly been of some importance in deciding the plans of the Imperial Government, for not only had Germany a very considerable direct trade, and greatly developed financial relations with England, but she settled by bills on London a great part of her Transatlantic and Asiatic commerce. It was, therefore, important to the German Government to retain a monetary system similar to that of England.

The order of the day called for a resumption of the general discussion.

MR. PIERSON, Delegate of the Netherlands, read the following address:

I rise to reply to a portion of the speech of our learned colleague, Dr. Broch. I much admired the clearness and profoundness of the arguments of the honorable Delegate, who especially endeavored to demonstrate the inconveniences of the bimetallic system. Those inconveniences I do not altogether deny. Assuredly, the double standard system is not a perfect system; if there are any who think it is, they are mistaken; but, it seems to me, that a system is not condemned when you have succeeded in proving that it lacks perfection. We should vainly seek for a monetary system not open to criticism on some point or other. That, however, is not the way to proceed in order to form an opinion either on bimetallism or monometallism. The question is not which of those systems is perfect, but whether the inconveniences attached to one are greater than those attached to the other. In short, the comparative method is what must be applied to this matter, and I hope I am not wanting in the consideration due to our honorable colleague in venturing to say that in this respect there was an hiatus in his address. This vacant space I shall endeavor to fill up. I shall begin by explaining what, in my opinion, are the chief disadvantages of the present monetary state of the world, and the dangers it offers. We shall then see whether the inconveniences to which bimetallism exposes us are equally great.

Let us first take the limping-standard countries; they are numerous. The limping-standard (*étalon boiteux*) exists wherever the mintage of gold coins is free, but where by their side silver coins circulate as unlimited legal tender for a value much above their intrinsic value. The Latin Union is in this condition; so, also, are Germany and Holland. What is the result? The result in the first place is, that the stocks of banks of issue in these countries

are partly, even in great part, composed of coins worth much less abroad than within the frontiers. In France, a silver 5-franc piece is equivalent to a quarter of a 20-franc gold piece; in England that same piece is worth, in gold, only about 4 francs 25 centimes. Is this a state of things which can last? We have among us several bank directors. I appeal to their experience, to their special knowledge in this matter, to tell us. For myself, as one of the directors of a bank in the very condition I have just described, I say publicly, No, this can not last, it must be changed. The metallic stock of a bank must be entirely composed of coins worth their weight in silver or in gold; in one word, the specie serving to cover the notes issued must have no artificial value. But this artificial value now possessed by silver coins in the limping-standard countries presents another danger. Make a small calculation. Imagine that silver ingots are bought and turned either into crowns, thalers, or florins, not pieces of defective weight or fineness, but coins perfectly conformable to legal prescriptions. Do you know how much will be gained by this proceeding? Not less than 18 per cent. Deduct 1, deduct 3 per cent. for costs of mintage, and there will still remain a handsome profit. And do you think this operation is difficult? Ask those who have considered the subject. They will explain to you the very simple procedure by means of which counterfeiting is possible.

You ask me, "But how is it that this procedure has never been employed for imitating fractional money?" The reply is easy.

Fractional money can not be given in payment, except to a certain amount fixed by law; any one, therefore, manufacturing a great quantity would not know what to do with it. By issuing it in considerable quantities he would speedily excite attention, and the fraud would soon be discovered. But any one offering a hundred thousand pieces of 2½ florins to the Netherlands Bank in exchange for notes, does nothing which in itself can occasion surprise. That happens, I will not say daily, but so frequently, that it would not attract attention. I should, moreover, add that the counterfeiting of fractional money is not altogether an unknown thing; instances of it might be cited.

Now, this clandestine mintage of silver coins I regard as one of the great dangers of the monetary situation of limping-standard countries. If the evil has not as yet manifested itself, thank God! for really our wisdom stands for nothing in it. It will happen some day; at least, I fear so. When once a coin having full legal tender possesses a value far exceeding its intrinsic value, the danger

I have just indicated exists, and I do not hesitate to say that a monetary circulation largely composed of such coins is an abnormal state of affairs, in direct contradiction with the best known and most generally accepted rules.

I will speak, in the second place, of the single gold standard countries. It is generally believed that their position leaves nothing to be desired, and it is certainly much preferable to that of the countries we were just now considering. If, however, you imagine that all is there for the best, in the best of worlds, you are, in my view, mistaken. Let us look a little to the facts.

Our honorable colleague, Mr. Fremantle, told us, the day before yesterday, that the United Kingdom system, as established in 1816, has satisfied all the country's requirements without giving rise to the inconveniences which have been manifested elsewhere, and under other systems. Let us admit that this is the case; let us agree that the British system has worked admirably. I ask you why it has worked so well? Is it owing to his own virtues? Not in the slightest; it has worked well because it had by its side another system, serving as its buttress when its inherent weaknesses were about to come to light. The single gold standard triumphantly went through a terrible crisis, merely because it was not the only system in force.

The bimetallism of the Latin Union has simply saved England from great embarrassments, in which, but for its existence, she would have found herself overcome. It is needless to remind you of the facts. The annual production of gold, which in the first half of our century amounted only to 80 millions of francs, suddenly rose to 600 or 700 hundred millions of francs, and an enormous depreciation of gold seemed imminent. That depreciation, however, did not take place.

The value of gold certainly fell, but in nothing like the degree apprehended at that time. The reason was that France, having the double standard, coined, from 1848 to 1866, 5,700 millions of gold, while exporting the silver which those mintages made superfluous. France thus served as a parachute to the depreciation of the metal whose production had increased to so enormous an extent. I have one question to submit to our honorable colleagues, the English Delegates. I wish to know what, in their opinion, would have been the influence of the gold discoveries in Australia and America on the value of the sovereign if the double standard system had not at that time existed in France?

But let us pass by these questions of history. The chief incon-

venience of the monetary situation of Great Britain, as it presents itself to my mind, is evident as soon as you look at that country's relations with Asia. Inasmuch as I have ventured to put questions to our honorable English colleagues, I ask leave to address one more to them. How is it that the London journals, specially devoted to financial questions, persist in almost entirely ignoring the great disadvantages accruing from the fall in the rate of exchange on British India, and particularly—for this is the main point—from the great variations which for some years have been occurring in that rate? Is there anybody in the world possessing the slightest knowledge of business who is not aware that these disadvantages are very real and very great? Professor Jevons, one of the leading economists in England, has just published in the "Contemporary Review" an article on bimetallism, in which India is not even named. One would think, to read that article, which, however, is not without interest, that the phenomena I have just spoken of are of no importance. Decidedly there is here what you call in English a "tacit understanding" to speak of every thing except the main point. Gentlemen, let us say it emphatically, the great evil lies there, and it is an evil which affects all the world, for the commercial relations between the east and the west are daily becoming closer. Formerly, it is true, there were variations in the Indian rate of exchange; a rupee was not always worth the same; but how insignificant these variations appear when we compare them with those occurring of late years. Ask the cotton spinners, ask all who trade with Asia, whether they are suffering from them. Ask fundholders and bondholders whose interest is payable in rupees or piastres, whether the fall of silver has affected them. We are told the British monetary system is perfect. Yes, it is good in itself, setting aside relations with the east. But if the maintenance of that system has the effect of disturbing these relations, or rather of preventing their being re-established on the same footing as in the past, can we still say that it leaves nothing to be desired, and answers England's requirement?

I might speak, in the last place, of countries whose circulation is chiefly paper, and who ask nothing better than to break with that vexatious system, but who hesitate to do so as long as the value of silver remains uncertain. I will not speak of them, seeing that the Delegates of those countries are among us, and will be able much better than I to enlighten you on the difficulties caused them by the present monetary situation. I hasten, more-

over, to conclude, and my conclusion is this, the inconveniences produced by the fall and variations of value of silver are immense. We are confronted by an evil which imperatively demands a remedy.

What is the remedy? To discover it, we have but to ask what are the causes which have produced the evil we wish to remove? Now, on this point I think we are thoroughly informed; silver has fallen in value, because all over Europe its mintage has been forbidden. I do not say that the increase in production and the diminution in the demand for India have had nothing to do with the fall of silver; these two causes have certainly aggravated it. But I think I may maintain that neither of these phenomena would have had a sensible influence on the relation of value between silver and gold if the Latin Union, Germany, and Holland, had maintained their monetary systems as they stood before 1871.

If this is true, and the works of Mr. Arendt, with which you are acquainted, have proved it in the most scientific fashion, the conclusion is that the adoption of the bimetallic system is the only means of escaping from the grievous situation in which we are placed. Such, at least, is the conclusion at which we have arrived in Holland. Gentlemen, I do not know whether we are still of any account in the councils of nations. We are only a small country, and our political influence is assuredly not what it was in the 17th century. But one thing, perhaps, has remained to us, namely, the reputation of not judging rashly, and of having, moreover, a little experience in commerce. Well, I can assure you, that amongst our leading economists, among our men most conversant with business, there is not one, I repeat, not one, who does not acknowledge the immense advantages which would accrue from the adoption of the bimetallic system by all the great States. A French author has styled that system a stupidity; an English author has just given it a not less insulting name. Well, I assure you, that throughout our country you would vainly seek an economist of any standing who considered these epithets deserved. On the contrary, while disagreeing on many subjects, for there are few schools but are represented among us, we are entirely agreed on this point.

What is there, indeed, in bimetallism to give rise to so many criticisms? Can science be invoked against it? On the contrary, the more I reflect the more it seems to me that the bimetallic principle thoroughly harmonizes with the best established principles of political economy. It is said law can

not fix a value between two merchandises; this is, in general, true, but why? Because most merchandise is in demand for reasons with which law has nothing whatever to do. We buy wheat, sugar, cotton, because we need these articles, and we need them, not by virtue of a law, but for reasons independent of all legislation. Is this the case with money? I have just read in a French newspaper the following words: "If there is a material on which law is without influence, which escapes its action and mocks at all its projects, it is this." It matters little that a journalist thus enunciates his personal opinion, but do not give us this affirmation as the last word of science, which tells us just the contrary. Read Ricardo; he is certainly an economist who stands for something as regards money. Well, Ricardo endeavored to demonstrate in several of his works a principle which is the very negation of that which you have just heard. If there is a material on which law has a great influence, which in no way escapes its action, it is money.

But do not let us dwell on questions of pure theory, seeing that the Conference has resolved that we should avoid them as far as possible. Why engage, moreover, in scientific discussions when the facts themselves speak with so much clearness? Allow me to tell you what, in my judgment, is the most decisive argument in favor of the principles of which I am now the mouth-piece. It is a small table showing the mintage of gold and silver in France from 1803 to 1873. These figures have always seemed to me of especial eloquence.

YEAR.	Gold in Millions of Francs.	Silver in Millions of Francs.	Ratio of Value.
1803 to 1820	865	1,091	1:15.58
1821 to 1847	301	2,778	1:15.80
1848 to 1852	448	543	1:15.67
1853 to 1856	1,795	102	1:15.35
1857 to 1866	3,516	55	1:15.33
1867 to 1873	878	587	1:15.62

From 1803 to 1820 the ratio between gold and silver is about 1 to 15½. The mintages of gold are, therefore, about equal to those of silver; 800 millions for one, a milliard for the other. In the next period, 1821 to 1847, gold is dear, and the mintages of gold immediately diminish enormously, whereas those of silver increase; the proportion becomes 1 to 9. In the years 1848 to 1852 gold begins to fall; it again approaches 15½; therefore, as in the first period, the mintages nearly balance each other in those years, 400 millions of francs for gold, 500 millions for silver. Gold still falls. From 1853 to 1866 the average ratio is 15⅓. The mintages of gold,

consequently, rise to 5,300 millions of francs, whereas the mintages of silver fall to the insignificant amount of 157 millions. After 1866, in the years 1867 to 1873, gold rises (the average becomes 1 to 15.62), and we see the mintage of silver coin immediately increase. We find 800 millions of francs for gold, 500 millions of francs for silver.

Who will tell us after this that the bimetallic system has not the effect of giving a great fixity to the ratio of value between the two metals? The immense increase in the production of gold after 1848 had the result only of making that metal fall, as compared with silver, 3 or 4 per cent. Now, here is the question I submit to you, how this insignificant fall would have been still further reduced if the double standard system had existed not only in the Latin Union, but also in England, Holland, and the United States. Pray reflect also on this. To calculate the quantities of gold with which Europe has been flooded since 1848, it is not enough to give a table of the quantities produced; we must add what America sent us after her establishment of forced currency. If the double standard system was powerful enough to withstand so many causes of economic disturbance when its action was exercised only on a limited territory, how effective would it be if it also existed every-where else.

I conclude; I have already trespassed on your kindness. It is necessary for me, however, to say one word on the inconveniences to which, in Dr. Broch's opinion, the bimetallic system exposes us. I have already acknowledged that those inconveniences exist; but there is a remedy which I consider very efficacious, the obligation imposed on the great banks, of buying at fixed prices all the ingots of gold and silver offered them. Dr. Broch says this system is impracticable in small countries. This I dispute. From 1853 to 1872 the Bank of the Netherlands always bought at the fixed price of 104.65 florins per kilogramme all the silver ingots offered it, whatever the quantity, and since 1875 has followed the same rule for gold, which it now buys at the price of 1.647 florins. Our bank has never found the slightest inconvenience in this plan, inasmuch as it pays in notes for the metal sold to it; and were bimetallism generally adopted, it would readily apply the plan to both metals without any distinction. I have always been of opinion that this would be an excellent means of reducing to a minimum the variations of the ratio of value between gold and silver.

I will add, in conclusion, that the double standard system, in order to work well, will have difficulties to overcome at starting; but those difficulties will be overcome by the help of the chartered banks, which, in this matter, may render very valuable services. I doubt not that the banks are ready to make themselves useful in this matter; in any case, the Governments, by reason of the monopoly they possess, have a right to require them to do so. Later on, all will go well, but it is especially at starting, in the period of transition, that the cordial and effective co-operation of the banks will be indispensable. I think, gentlemen, that our discussions should serve to bring to light what this co-operation must consist of. No more than any other economic reform, can the double standard system be established by simple decree; the way must be well paved for it.

Those who will not act in concert with us to attain the object we are pursuing, should tell us in what way they expect to remedy the evils from which the world is suffering. For a remedy there must be; the present situation is simply unbearable. If you reject the bimetallic remedy, be kind enough to point out another. The fall of silver and its variations of price as regards gold have produced a state of things which is full of difficulties for the present, and of dangers for the future.

Mr. Pirmez, Delegate of Belgium, began by recalling the vivid apprehensions and exaggerated hopes which had led to the convening of the Conference. He thought that those fears were now dispelled; those who had anticipated with dread the establishment of a vast bimetallic union, comprising a great part of the States of the world, must be reassured. The present attempt, said Mr. Pirmez, seems bound to fail through the same difficulties, the same impossibilities, as that which was made in the same direction in 1878. What remains to be proved is, that the hopes which may have been based on the eventual success of this enterprise were in reality pure illusions. It is important to establish that the present situation, which doubtless is not perfect, contains neither the evils which have been portrayed, nor the dangers with which Europe has been threatened; it must be shown that, far from getting rid of these inconveniences, or warding off these perils, the remedy proposed would only have increased the former, and aggravated the latter.

The States composing the civilized world may, from the monetary standpoint, be divided into three groups, according to the

classification indicated by Mr. Pierson. The gold monometallist States, the States placed under the paper money system, and lastly, those called by him the limping-standard States, viz., those who have in law and in fact the gold standard, but mixed with a remnant of bimetallism.

The first seem completely satisfied with their situation. In vain do bimetallists seek to alarm them by pointing out the evils from which they ought to suffer, the perils which threaten them; they continue to declare that they feel neither ill nor uneasy. If Portugal, if the Scandinavian States, take part in the present Conference, it is not, as they have said, with an intention of altering their monetary system; it is merely from courtesy. England is still more decided; she does not admit even the supposition that she may be led to renounce the single gold standard, and is represented here only under that formal reservation.

It is asserted, however, among bimetallists, that Great Britain ought to discover a powerful motive for change of attitude in the monetary situation of India, and in the depreciation of the rupee; on this point, a distinction has to be drawn. It is certain that England undergoes a certain loss on the payment of the tributes received by the Indian Government from the native princes, and which are fixed at a certain number of rupees, for she receives a uniform sum, the real value of which has diminished through the fall in the rate of silver; but this is only a comparatively minor point in the entirety of her financial relations with India. The great interest for England, as regards her relations with India, is the commercial interest. Now, on this head, it is not correct that Great Britain, as is asserted, suffers from the depreciation of silver. No doubt the London exchange on Calcutta and Bombay has considerably fallen, but, at bottom, English commerce does not suffer therefrom, for it has only, as always happens in such a case, to make up for the fall in exchange by a corresponding rise in selling prices. It is, therefore, quite natural that, notwithstanding the extent of its relations with India, the British Government remains insensible to the adjurations of the bimetallists.

Germany's attitude is not, in substance, different from England's. The German Empire has made a great monetary reform; it has effected it at the fitting moment; it does not think of abandoning it. The Declarations laid before the Conference by Baron Thielmann, on behalf of the Berlin Cabinet, indicate neither hesitation as to the course to pursue, nor distrust of Germany's new monetary system; they imply, on the contrary, a settled resolution to persist

in the path entered upon. If Germany had other intentions, the first measure to be taken by her would have to be the allowing of the free mintage and free circulation of silver. Now, Germany declares that she will neither permit the free mintage of silver nor even maintain as currency the thalers still in circulation; she merely agrees not to get rid of them by sudden resolution, and to spread over several years the completion of the system she has adopted.

Thus, all the gold monometallist States declare themselves satisfied with their situation, and resolved not to alter it; and bimetallism is playing a singular rôle, to say the least, when it endeavors to persuade those States that they are visited without their knowledge by a serious economic disquietude and monetary disease.

There is little to be said of the States subject to the paper money system. It is evident that, for those powers, the financial question controls the monetary question. It is also certain that, looking only at the financial point of view, they might find an advantage in adopting the silver standard, inasmuch as it would furnish them with a very legitimate means of paying off their debts at the smallest possible expense. They hesitate, however, to do so, because they are conscious of the discredit resting on silver. They quite understand that there is now a tendency to consider only States which have the gold standard as rich States, as States of the first class, so to speak, from the financial standpoint. Nothing but the example and support of a great financial power like France could induce them to adopt the silver standard, which would offer itself under the form of bimetallism.

The third monetary group consists of States which have the gold standard in law as in fact, but mixed with a remnant of bimetallism; it includes the States of the Latin Union, except Italy and Greece, which have still the paper money system, Holland, to a certain extent, and Spain. The situation of these States is doubtless not excellent, but what is the cause of the discomfort from which they are suffering? Is it not the excess of silver, which is the result, and, as it were, the legacy, of the abandoned bimetallism? If the Latin Union, in 1865, listening to the counsels of Belgium, had purely and simply adopted the gold standard, as it could then have done, without shock, without difficulty, without loss, it would now be in as good a position as that of the Scandinavian States, England, Portugal, and Germany; if it now experiences discomfort, it owes this to bimetallism.

We must beware, however, of exaggerating this discomfort.

The considerable stock of five-franc pieces kept by the Bank of France in its cellars, is not a pure burden; it serves as pledge and guarantee to the notes in circulation, and the amount has nothing excessive, for the proportion of cash possessed by the Bank of France is not sensibly higher than that of other great state banks, the Bank of England, for instance. People are alarmed, it is true, at the outflow of a certain amount of gold, which has of late reduced the stock of the Bank of France, but we must not fancy that all this amount of gold has left France, as is asserted, and has crossed the Atlantic to pay for the balance of American imports.

There have certainly been exports of gold, but there have also been imports of that metal much more difficult to trace, and the monetary circulation of France remains saturated with it. The payments made on the last French loan of one milliard are a conclusive proof of this. Thus the two weekly returns of the Bank of France, corresponding to the date of the subscription, show an increase of the metallic stock of 60 millions of francs, 45 millions of which are in gold, and only 15 millions in silver. It must also be remarked that, at the same date, the sum of 15 millions, in five-franc pieces, was withdrawn from the National Bank of Belgium to be dispatched to France, and this must have largely contributed to the payments in money made by the subscribers in money to the French loan. We are therefore justified in inferring that gold has, in the monetary circulation of France, a share infinitely superior to that of silver, and is quite the dominant element in that circulation. This flow of five-franc pieces to the Bank of France, which has given rise to so many exaggerated fears, does not, as has been supposed, indicate the phenomenon of exportation of gold, but merely the phenomenon of substitution, the replacement of gold by silver in the bank coffers. If we now find so considerable an amount of silver at the Bank of France, it is solely because this has been withdrawn from the country's circulation by the public itself. Every one has thrown silver money into that great reservoir, to draw therefrom in its place the gold preferred by all.

Viewed from this standpoint, the situation of limping-standard countries has nothing alarming, and it may and should improve, especially if Italy returns at an early date to specie payments. The kingdom of Italy, it will be remembered, entered the Latin Union under somewhat exceptional circumstances; between the signing and the ratification of the Treaty of Union of 1865, it placed itself under the paper money system, so that this member of the Latin Union has always been in a condition certainly not foreseen

at the time the treaty was concluded. At certain times there has been a considerable discount on the forced currency notes in Italy, which has sometimes reached 10 and 12 per cent. This depreciation of the paper money naturally had the effect of driving out of Italy into the other countries of the Latin Union all the coin existing in Italy. This situation continued, and when, two years ago, the Italian small change was withdrawn, a very large portion of it was found to be outside of Italy. The case is certainly the same with the Italian five-franc pieces, and it may, therefore, be hoped that Italy, when she returns to specie payments, will take back a considerable quantity of these pieces, which will correspondingly relieve the circulation of the other States of the Latin Union.

The situation of limping-standard countries is not, therefore, bad at present, and can but improve.

These countries, it is true, as justly pointed out by Mr. Pierson, are exposed to the danger of counterfeiting, or, to speak more accurately, of the clandestine manufacture of false coin, of the proper fineness and weight, but with a profit of 15 or 20 per cent., resulting simply from the difference between the selling value and the official value of the metal. It must be remarked, however, that owing to the very considerable difficulties, not of the manufacture but of the issue or uttering, this kind of operations can never assume large dimensions.

I think I have shown that our present situation has nothing alarming. It remains to show that the measures proposed by bimetallists would have the effect not of mitigating but of aggravating the vices or dangers they impute to it.

What, indeed, do they advise? Merely the free coinage of silver; that is to say, countries embarrased by an excess of silver in the circulation are asked to let still more be coined. They have too much; it is desired to give them more. Correct the excess of silver by a still greater excess of silver, such is the sole remedy prescribed. It is monetary homœopathy.

The results of such a measure would certainly be the very contrary of the anticipations of its promoters. To resume the free mintage of silver without the co-operation of States now having the single gold standard, would be risking a disaster; nobody, therefore, ventures to propose such an experiment. But, assuming that you succeed in getting bimetallism adopted by the whole world, by England, by Germany, by India, even by China, which must be taken into account in monetary matters, you would arrive only at establishing an equal circulation of gold and silver, equally

loading both ends of the scale in all the countries of the globe. Now as the silver standard States are more populous and possess more coin than the gold standard States, and than the, at present, bimetallist States, it follows that the sole result of a universal establishment of bimetallism would be the spreading over Europe of a large portion of the white metal with which Asia is saturated, and the drawing to Asia in return of a considerable part of the European gold. Is that what you desire, and do you pretend to override in that way the preferences of the public? You would not succeed. The Bank of France itself has tried to get acceptance for the five-franc pieces it is constantly putting into circulation, but it has failed, and this cumbersome coin is constantly brought back to it. In the United States the Federal Government has also tried to put in circulation the new dollars coined under the Bland Bill; it has multiplied its efforts to attain that object; it has sought by every means to get them accepted by the public; it has failed likewise, and, notwithstanding heavy sacrifices, has succeeded only in issuing a portion which circulates as small change; the Secretary of the Treasury was compelled to state these facts in his last report.

Bimetallists also flatter themselves with warding off, by the application of their system, two great dangers they consider imminent, the working of the balance of trade in a direction unfavorable to Europe, and the rise of gold.

The balance of trade, so much used and abused, is, in reality, only on illusion. If you will take the balances of trade, as given by statistics, you must always arrive at the conclusion that every State imports more than it exports, for it exports merchandise whose value is reckoned at the place whence it is dispatched; whereas, it imports merchandise whose value is reckoned at the place of consumption; that is to say, after adding the freight and trade profits. The balance of trade is, therefore, misleading. If it indicated the reality, if the difference shown by it had to be settled in coin, it is evident that the whole specie of France and England would already have been drained off by America, and that no more gold would remain in Europe. Everybody knows that this is not the case. Why? Because the differences are settled by bills, by securities, and especially by *arbitrages* between the stock exchanges of different States. Thus, the Bank of England has just reduced its rate of discount, a pretty plain proof that it is not afraid of seeing its stock cross the Atlantic. Even assuming that the forebodings of the bimetallists were realized, assuming that European

gold went and accumulated in America, do you think that movement would be lasting; do you think it would not be followed by a speedy reaction? The gold which would flow to America would not be hoarded; there is no hoarding in the United States. By very reason of its abundance it would not be long in falling, while, in Europe, its scarcity would induce a corresponding rise. The inevitable result of that rise would be the return from the United States of the gold which would there have been in excess.

Even assuming that these dangers of a dearth of gold are not chimerical, and that the working of the balance of trade is to doom Europe to a prolonged gold famine, do you think bimetallism could remedy this by the unlimited coinage of silver? On the contrary, it would thus but aggravate the evil, and increase the peril. If, indeed, you flatter yourselves with sending silver to the United States, with paying for American merchandise in silver, you are cherishing a dangerous illusion. The United States, which produce considerable quantities of silver, and which reject from circulation the silver coined in their own mints, would not receive European silver, but would export more and more silver to Europe. This is their secret hope, and must have been the paramount motive of their present adhesion to the principle of bimetallism. The French and American Governments are agreed, indeed, on that principle, but we may attribute to both of them an innermost idea which they, doubtless, do not communicate to each other. Each of them, probably, thinks, "I shall send my silver to my ally." Which of the two is mistaken? It is not likely to be America, for streams issue from their sources, and do not re-ascend to them.

Far from leading to a durable restoration of the price of silver, bimetallism would consummate the debasement of that metal. At first, no doubt, gold would fall, silver would rise, and a certain equilibrium would be effected, but the production of silver, stimulated by the factitious elevation of the price of that metal, would not be long in assuming the abnormal development predicted at the last session by the Delegate of Norway. While gold mines would reduce their output, owing to the fall of the metal, silver mines would throw on the market more and more considerable quantities of that metal, and this silver, by very reason of its excessive abundance, would not be long in undergoing a fresh depreciation, this time irremediable.

And why should we expose ourselves to such a danger? To escape the illusory peril of a dearth of gold? That dearth of gold nowhere exists. It is not visible either in commerce, in banks, or

in the circulation. What proves this is that despite the improvements of industry, life is every-where dearer; you can nowhere now obtain what you could obtain 20 years ago with the same amount of gold; moreover, all annuitants and people living on fixed incomes find their situation more and more reduced. If there is a danger, it lies rather in the fall of gold and the general dearness of all the necessaries of life.

Thus bimetallism, looked at in all its aspects, seems a doctrine which pretends to cure imaginary ailments by remedies which would produce results diametrically opposed to those expected by their promoters.

It could not be otherwise, for every system which consists in trying to establish a fixed ratio between gold and silver is a system directly opposed to economic laws. In proposing such a system you enter on a path which ought to be universally abandoned; you rally to the principle of government interference, you start with the fallacious idea that it is for laws to fix commercial relations within or outside of States. This procedure has been but too much abused by maximum laws, by the regulation of production, by protective customs laws. All these laws are imbued with the false idea that it appertains to the legislator, that it is not only his right and duty, but also within his power to withstand an economic fact, to lower or raise values. We discover the same fundamental idea in the present proposals of bimetallists. Mr. Cernuschi makes no mystery of it. "Money," he says, "is created by law, *nomos*, law; *nomisma*, money. Good or bad, all law is essentially arbitrary. Gold monometallic law is as arbitrary as silver monometallic laws, or bimetallic laws. Arbitrary the choice of the metal if the legislator is monometallist. Arbitrary the choice of the ratio between gold and silver if the legislator is bimetallist. In principle, all ratios are equally good, the ratio of 10, the ratio of 15, the ratio of 20, would each work with the same efficacy and the same regularity if any one of them was adopted by great States furnished with ample supplies of metallic money."

We can not too strongly protest against such a doctrine. The object of law is not to enforce on nations the legislator's arbitrary will, but to respond to the requirements of communities, and to satisfy them it should be the expression of the truth of facts, the truth of law. There have been and are arbitrary laws, because there have been and are bad laws. The arbitrary is never legitimate. Arbitrary laws are *ipso facto* unjust; they are, moreover, powerless. You do not regulate what depends on the human

conscience, on individual tastes, desires, judgments, and value is in that category. You do not create a value by law, you do not enforce belief in a value not arising from the reality of facts, or, what is more, contrary to it. You would not be long in discovering this if the principle of bimetallism at 15½ arrived at the status of law. That principle has never been able to maintain itself; though originally established in conformity with the indications of the metal market, the States which have made that ratio the basis of their monetary system have really made only the alternative standard. Yet, there is the pretention of making it prevail, now that the commercial ratio of gold and silver is 1 to 18. You wish at once to decree the realization of a ratio acknowledged to be false, and declared such by the commerce. Whence arises this fallacy? From the fancy that gold can be doomed to the alternative of either being concealed or sold at 15½. Do you know what would happen? Gold would not be concealed, it would not be sold at 15½; it would continue to circulate, but circulate at a premium; it would circulate, not at the ratio decreed by the legislator, but at the ratio indicated by commerce, just as it circulates in Austria, in Italy, in all countries under the paper money system, for the public would not resign themselves to doing without gold, nor would its possessors resign themselves to giving it below its value. It does not appertain to governments to establish and enforce acceptance of truths of opinion, and when they attempt it they fail, they are infallibly overcome by the resistance of the citizen. Even if this Conference were given full powers of action in the names of the nations represented here, even if all the nations not represented here were summoned, even if the Conference were intrusted with the absolute right of punishing, of visiting with the severest penalties those infringing the bimetallic law, nevertheless, if it pretended to decree the respective value of gold and silver, it would be utterly powerless, for the arbitrary is not able to resist the nature of things.

Mr. Seismit-Doda, chief Delegate of Italy, asked leave to speak, not to reply to Mr. Pirmez's speech, but to prevent the misconception which some of the remarks of the honorable Delegate for Belgium might create, as to the nature of the motives which had induced Italy to attend this Conference, and support the principle of bimetallism. In speaking of countries under the paper money system, Mr. Pirmez expressed the idea that it was very natural for those countries to be supporters of bimetallism, inasmuch as

it was a financial question with them, and they would more easily arrive at paying off their debts with depreciated silver than with gold. The chief Delegate of Italy desired to state clearly that Italy had been in no way influenced by considerations of this kind in accepting the invitation to share in the labors of this Conference. She had simply wished to bring her modicum of experience, whatever it might be, to the examination of a question of great importance, not merely in the present, but also, especially in the future, to the financial condition of Europe, and of the whole world. Mr. Pirmez, in alluding, in another passage of his speech, to the consequences of the establishment of forced currency in Italy, had recalled, with a semblance of reproach, the influx of Italian fractional money in Belgium, and especially in France, at the time when forced currency was decreed in the Peninsula. He might have added that the Italian Government had deemed it an act of good faith and honesty, itself to call for the withdrawal of its fractional money, and that France and Belgium had, consequently, suffered no injury on this point. It should, moreover, not be forgotten that if the forced currency in Italy had at certain periods caused inconvenience to her neighbors, they had at other times derived important advantages from it. Thus, on the establishment of forced currency in France, the Italian fractional coins materially contributed to sparing France a circulation of small notes, and, consequently, diminished the loss resulting from the difference between the value of paper and that of coin.

The general discussion was adjourned to Tuesday, 10th May, at 1.30 P. M.

The Session concluded at 5.30 P. M.

EXHIBITS OF THE THIRD SESSION.

EXHIBIT A.

(Presented by COUNT DO SAN MIGUEL page 74.)

NOTE ON THE MONETARY SYSTEM OF PORTUGAL, ON THE COINAGE, AND ON THE MONETARY SITUATION OF THE PORTUGUESE COLONIES,

BY THE COUNT DO SAN MIGUEL.

The monetary system actually in force in Portugal was established by the law of the 29th July, 1854.

Gold is the single metallic standard.

The metal coined is of a standard of $\frac{916\frac{2}{3}}{1000}$ fine; that is to say, $\frac{11}{12}$ of pure gold, and $\frac{1}{12}$ of alloy.

The pieces of gold are:—

	Value.	Weight in Grammes.
Crown	10,000 reis.	17,735
Half crown	5,000 "	8,868
Fifth of a crown	2,000 "	3,547
Tenth of a crown	1,000 "	1,774

The ancient Portuguese gold coins, called peças and half peças, of the standard of $\frac{916\frac{2}{3}}{1000}$ fine, the same as the English coins of the same metal, and of the same standard, called sovereigns and half sovereigns, are considered legal tender under the following conditions:

The peça	should be of the weight of	14,188	grammes.
The half peça	" "	7,094	"
The sovereigns	" "	7,981	"
The half sovereigns	" "	3,990	"

And are received—

The peça,	at the value of	8,000	reis.
The half peça	"	4·000	"
The sovereign,	"	4,500	"
The half sovereign,	"	2,250	"

The State recognizes, as legal, in all money an allowance of 2 per 1,000 in the weight, and 2 per 1,000 in the standard.

Individuals, banks, and all other associations can have coined at the mint any quantity of gold of the standard of $\frac{916\frac{2}{3}}{1000}$ fine, in crowns, half-crowns, fifths, and tenths of crowns, by paying 1,000 reis per kilogramme, but it has often occurred that money has been coined gratuitously through the order of the Cortes.

Table No. 1 shows the amount of gold money struck at the Lisbon Mint (the only one in the country) in the period between 1854 and 1880.

Silver and copper are used as subsidiary money.

One hundred and twenty-five grammes of silver alloy of the standard of $\frac{916\frac{2}{3}}{1000}$ fine are divided into coins in the following manner:

	Value.	Weight in Grammes.
In 10 pieces called five tostoes	500 reis.	12.5
In 20 pieces called two tostoes	200 "	5.
In 50 pieces called tostoes	100 "	2.5
In 100 pieces called half tostoes	50 "	1.25

The allowance is 3 per 1,000 in weight, and 2 per 1,000 in standard.

In any payment, whatever may be its importance and the origin of the obligation from which it springs, the creditor is not obliged to receive more than 5,000 reis in silver money. There has, however, long existed in the commerce of Lisbon a custom, sanctioned by no law but generally recognized, to accept a third of the payment in silver coin.

The State reserves to itself the privilege of making and issuing subsidiary coin of silver and copper. No issue of this coin can, however, be made without its amount being fixed by the Cortes.

Table No. 2 shows the amount of silver money struck from 1854 to 1880.

The law of 1854 declared that the old gold crowns struck by virtue of the law of 15th February, 1851, the silver coins called crowns and their divisions, created by the law of the 24th April, 1835, the coins called "crusados novos" and their divisions, the old coins of 100 reis, and all foreign coins of authorized circulation, should lose their legal currency and should be exchanged for legal money at their nominal value and within a time fixed by the same law, provided, they were not clipped. The time was extended by later laws on account of the impossibility of effecting the exchange in the time first fixed.

Foreign coins have entirely disappeared from the circulation, old silver coins are very rare, and in the period between the 30th September, 1879, and the 30th September, 1880, none of these old silver coins were presented at the Mint for exchange.

Table No. 3 shows the silver coins withdrawn from circulation up to 1854.

Table No. 4 shows the importation and exportation of gold and silver coins during the years 1854 to 1856, in 1865, and from 1861 to 1880. Before 1865 official publications relating to international commerce were made irregularly, and statistics are wanting for the years between 1857 and 1860, and from 1862 to 1864.

Various circumstances of political and financial origin caused the striking in Portugal, during the first quarter of the century, and also during a part of the second, of a considerable quantity of bronze and of copper money; the first

with an intrinsic value of about 50 per cent., and in the second in a proportion which scarcely reached 30 per cent.

The manufacture of bronze money, which began in 1811, ceased in 1835, in accordance with the terms of the law on monetary reform, of the 24th April of the same year.

The legislation of 1854 only concerned itself with the question of copper, in order to authorize the continued issue of notes representing that money.

Different laws since 1854 have authorized the issue of copper money.

Table No. 5 shows the kinds and the quantity of copper coined from 1865 to 1880.

The only decree which relates to payment in copper money was dated the 17th February, 1779, and fixed the sum of 100 reis as the maximum of the amount payable in this coin; however, there has always existed in the commerce of Lisbon, as with silver, a custom, sanctioned by no law, of receiving a third of the total amount in copper money.

Paper Money.

The only paper representative of coin is the bank note. There are two classes of bank notes, one which is only current in the administrative district of Lisbon, and the other beyond that circle.

The Bank of Portugal has the monoply of the issue of notes of the first class. This establishment has a capital of eight milliards of reis, and the right belongs to it of issuing its notes through the whole country, with this advantage, that they are received by the Financial Minister as and the equivalent of metallic money. Notwithstanding, the creditors of the State are not compelled to receive these notes in payment of their debt. Beyond the district of Lisbon there exists certain liberties for the issue of notes, which are regulated by special legislation. Each bank, either at Porto or in the provinces, organized conformably to the general principles of the law of 22d June, 1867, concerning the formation and existence of joint stock companies, is authorized to include among its operations the issue of bank notes. The notes issued by these bodies do not, however, have the privilege of being received as the equivalent of metallic money by the public receivers.

The establishments which issue bank notes in the kingdom are nine in number, one at Lisbon, five at Porto, and three in the provinces. Various causes, up to the present time, have hindered the paper currency from being of an importance equal to that of other countries.

In accordance with the law of 1854, bank notes can only represent gold coin, and must be paid in that metal.

The Island of Madeira.—Funchal.

The monetary system of Portugal, in accordance with the law of the 29th July 1854 and other regulations in force, was established in Madeira by the law of the 2d May, 1879.

Before the enactment of this law, there were in circulation in Madeira all the gold and silver Spanish coins; the gold and silver money of Great Britain; the eagles, dollars, and their fractions of the United States of America; Mexican, Bolivian, Chilian, and Buenos Ayres piastres. The gold double dollars of the United States, and the fractions of piastres of the Republics of South America, circulated there without legal currency.

The law of the 2d May, 1879, giving to the foreign money, which had legal force in Madeira a fixed value, in comparison with the money of Portugal, ordered, that the coins should be exchanged within two months of the promulgation of the law in Madeira for the coins of Portugal, and forbade, after the expiration of two months from the publication of the law in the Official Journal, the importation of foreign money into the island.

With the aim of insuring this exchange, the same law authorized the Government to strike silver coins of 500, 200, 100, and 50 reis, until the amount of 500 millions of reis had been reached.

Table No. 6 shows the working of the exchange of gold and silver money withdrawn from circulation in the district of Funchal, by virtue of the law of the 2d May, 1879.

It must be remarked that the result of the exchange of money in Funchal can not be considered definite, the sale of the remainder of the piastres employed in the coinage of the 500 millions of reis not having yet been effected.

The Archipelago of the Azores.

A great number of special circumstances prevented the Government from applying the law of 1854 to the Azores Archipelago, and to the colonies where foreign money was still in circulation. As can be seen from the table showing the coinage of copper, various laws authorized the manufacture of a certain amount of copper money especially, destined for the Azores and Portuguese colonies,

Eastern Azores (Ponta Delgada.)

The kinds of coins in circulation are:

Gold coins:

Portuguese pieces of the value of	10,000 reis.
English guineas, of the value of	5,600 "

Silver coins:

Spanish and Brazilian piastres of the old type, of the value of	1,200 "
Half piastres of the old type, of the value of	600 "
Serrilhas (a division of the piastre) of the value of	240 "
Tostoes, of the value of	120 "

The Portuguese coin "novos cruzados" circulate there also, but are very rare, and have a conventional currency, of the value of 600 reis.

Western Azores (Horta.)

There are there in circulation English guineas, Spanish and Brazilian pesos of the old type, and their divisions. Beside these coins, which have a legal value by law, some others are found there, such as American eagles, Spanish onces, etc., which are received in commerce at a fixed exchange, but which can not be received into the public treasuries. According to the showing of a Minute sent to the Financial Minister by the Master of the Lisbon Mint in 1871, (Minute from which these figures are copied), it is difficult to decide, even approximately, the total value of each coin in circulation.

Central Azores (Angra.)

The kinds of coin in circulation are:

Gold coins:

American eagles, of the value of	24,000 reis.
English guineas, of the value of	5,800 "

Silver coins:

Brazilian piastres, of the value of	1,200 "
Half piastres, of the value of	600 "
Quarter piastres, of the value of	300 "
Tenths of a piastre, of the value of	120 "

Copper:

Portuguese coins of	20, 10, and 5 reis.

All these values are in reis of the islands, depreciated money, which differs from that of Portugal in the proportion of 25 to 30 per cent.; that is to say, 100 reis of Portugal are worth 125 of the reis of the islands.

Portuguese Colonies.—Asia.

Portuguese India.—To understand thoroughly the value of the actual coins of India, one must first understand the money of account. In India they count, in a complex form, in xérafins, tangas, and reis. The division of the money of account is as follows:

Xérafin = 5 tangas;—tanga = 60 reis (depreciated).

The value of the actual coins that we are going to show is given in money of account:

Gold:

Saint Thomas, old, 7 xérafins, 1 tanga, and 15 reis, 2,175 reis, depreciated, or not depreciated	1,150. reis.
Saint Thomas, new, 14 xérafins, and 2 tangas, 4,320 reis, depreciated or not depreciated	2,280 "

Silver:

Rupee, 2 xérafins, and 2 tangas, 720 reis, depreciated or not depreciated	380 "
Half rupee, or xérafin, or pardou, 1 xérafin and 1 tanga, 360 reis, depreciated, or not depreciated	190 "
Quarter rupee, or half xérafin, or half pardou, 3 tangas, 180 reis, depreciated, or not depreciated	95 "

Copper:

Tanga, 60 reis, depreciated, or not depreciated	30 "
Half tanga, 30 reis, depreciated, or not depreciated	15 "

It is also necessary to fix the difference which exists between the xérafin in actual money, and the xérafin in money of account. In India it is distinguished in two ways; either by calling the first, silver xérafin, and the latter, copper xérafin (ideal money, or money of account); or by calling the former, half rupee, and the latter xérafin.

The xérafin, actual money, or silver xérafin, had until the 30th June, 1875 an official value of 160 reis, not depreciated, for transactions with the State.

The law of the 30th April, 1874 ordered, that beginning from the 1st July, 1875, this money should have an official value of 200 reis.

Africa.—Western Coast.—Angola.

Silver.—Piece of		12	macutas.
"	"	10	"
"	"	8	"
"	"	6	"
"	"	4	"
"	"	2	"

These coins are not now found in circulation because their intrinsic value being greater than their mominal value, they have been all exported.

Copper.—Macuta, 50 reis, depreciated	30 reis.
" Half macuta, 25 reis, depreciated	15 "

The gold coin of 8,000 reis circulates there also with the value of 13,000 depreciated reis. All reductions are made on these numbers, which give the following equivalent:

100 reis, not depreciated = 1,625 reis, depreciated.

The money which circulates most is paper money.

These are the notes of the National Bank (Transmarine) of the value of 1,000, 2,000, 5,000, 10,000 and 20,000 reis, not depreciated, and the promissory notes of the Council of Finance, of the value of 1,000, 2,500, 5,000, and 20,000 reis, not depreciated.

By the resolution of the Governor of this Province, dated 19th June, 1861, it was settled that transactions with the administration should be liquidated and undepreciated reis, and 30 undepreciated reis were fixed as the value of the macuta of copper. Transactions among individuals continued, and do still, to be made in depreciated money.

The same resolution fixed the following values, in undepreciated reis, for the foreign coins in circulation:

Gold:

United States eagle of 20 dollars	18,400 reis.
Eagle of 10 piastres	9,200 "
Half eagle of 5 piastres	4,600 "
The ounce of Spain, Peru, Chili, Bolivia, Mexico, Columbia, Buenos Ayres, of Ecuador, of Central America, and of New Granada	14,600 "
Half ounce of the same countries	7,300 "
Quarter ounce of the same countries	3,650 "
Brazilian piece	8,000 "
Brazilian half-piece	4,000 "
Brazilian coin of 4,000	4,500 "
English guinea	4,500 "
English half guinea	2,250 "
French piece of 20 francs	3,440 "
French piece of 10 francs	1,720 "

Silver:

The piastre of Spain, Peru, Chili, Bolivia, Mexico, Columbia, Brazil, Buenos Ayres, and the United States	920 reis.
Half piastre of the same countries	460 "
Quarter piastre of the same countries	230 "
Fifth of the piastre, or the Spanish peseta	184 "
Tenth of the piastre (United States)	92 "
English crown (5 shillings)	1,125 "
English half-crown (2½ shillings)	562.5 "
Piece of 2 shillings	450 "
Piece of 1 shilling	225 "
Piece of ½ shilling	112.5 "
Piece of ¼ shilling	56.25 "
French piece of 5 francs	860 "
French piece of 2 francs	344 "
French piece of 1 franc	172 "
French piece of ½ franc	86 "
French piece of ¼ franc	43 "

Cape de Verde.

The law of the 19th October, 1853, fixed the following values, in undepreciated reis, for the foreign coins in circulation in this province:

Gold:

The ounce of Spain, Peru, Chili, Bolivia, Columbia, Buenos Ayres, Ecuador, Central America, and New Granada	14,600 reis.
Half ounce of the same countries	7,300 "
Quarter ounce of the same countries	3,650 "
Eagle of 10 piastres of the United States	9,200 "
Half eagle of 5 piastres of the United States	4,600 "
Brazilian piece	4,000 "
Coin of 4,000 Brazilian	4,500 "
English guinea	4,500 "
English half-guinea	2,250 "

Silver:

The piastre of Spain, Peru, Chili, Bolivia, Columbia, Buenos Ayres, Ecuador, Central America, and New Granada	920 "
French piece of five francs	860 "

Eastern Coast.—Mozambique.

Gold:

The gold barrinha, 26.500 reis, depreciated or not depreciated	6,460 reis.
The gold half barrinha, 13,250 reis, depreciated or not depreciated	3,230 "

Silver:

Piastre, 2,400 reis, depreciated or not depreciated	585.5 "

Copper:

Piece of 160 reis, depreciated	40 "
Piece of 80 reis, depreciated	20 "
Piece of 40 reis, depreciated	10 "

These values were fixed by the resolution of the Governor of the Province, dated the 20th May, 1854, which established the following relation:

100 reis, undepreciated = 410 reis, provincial or depreciated.

The first coins that they had in Eastern Portuguese Africa, were called "Bajarucos," and were worth 10 and 15 reis.

No. 1.

GENERAL TABLE OF GOLD COINED UP TO 30TH SEPTEMBER, 1880, IN VIRTUE OF THE LAW OF THE 29TH JULY, 1854.

Periods.	IN PIECES OF				GENERAL AMOUNT.
	10,000 Reis.	5,000 Reis.	2,000 Reis.	1,000 Reis.	Value in Reis.
12 Dec., 1855, to 30 Sept., 1856	....	....	75,350,000	68,057,000	143,407,000
1 Oct., 1856, to 31 Mar., 1857	....	....	88,698,000	....	88,698,000
1 Apr., 1857, to 30 Sept., 1858	....	....	25,254,000	....	25,254,000
1 Oct., 1858, to 30 Nov., 1859	....	....	1,600,000	....	1,600,000
1 Dec., 1859, to 30 Sept., 1860	....	140,300,000	136,198,000	....	276,498,000
1 Oct., 1860, to 30 " 1861	....	303,895,000	....	....	303,895,000
1 " 1861, to 30 " 1862	....	934,545,000	....	....	934,545,000
1 " 1862, to 30 " 1863	....	275,675,000	....	....	275,675,000
1 " 1863, to 30 " 1864	....	106,600,000	151,800,000	....	258,400,000
1 " 1864, to 30 " 1865	....	....	214,500,000	....	214,500,000
1 " 1865, to 30 " 1866	....	....	126,000,000	....	126,000,000
1 " 1866, to 30 " 1867	....	119,000,000	188,500,000	....	307,500,000
1 " 1867, to 30 " 1868	....	329,000,000	48,000,000	....	377,000,000
1 " 1868, to 30 " 1869	....	406,000,000	10,000,000	....	416,000,000
1 " 1869, to 30 " 1870	....	312,000,000	11,000,000	....	323,000,000
1 " 1870, to 30 " 1871	....	268,500,000	4,000,000	....	272,500,000
1 " 1871, to 30 " 1872	....	146,000,000	1,000 000	....	147,000,000
1 " 1872, to 30 " 1873	....	133,000,000	1,000,000	....	134,000,000
1 " 1873, to 30 " 1874	....	50,000,000	10,000,000	....	60,000,000
1 " 1874, to 30 " 1875	....	45,000,000	7,000,000	....	52,000,000
1 " 1875, to 30 " 1876	....	61,000,000	4,000 000	....	65,000,000
1 " 1876, to 30 " 1877	....	76,000,000	6,500,000	....	82,500,000
1 " 1877, to 30 " 1878	187,020,000	42,000,000	43,000,000	....	272,020,000
1 " 1878, to 30 " 1879	243,010,000	....	....	....	243,010,000
1 " 1879, to 30 " 1880	409,000,000	....	....	....	409,000,000
Totals	839,030,000	3,748,515,000	1,153,400,000	68,057,000	5,809,002,000

No. 2.

GENERAL TABLE OF SILVER COINED FROM 1st AUGUST, 1854, TO 30th SEPTEMBER, 1880, IN VIRTUE OF VARIOUS LAWS.

Periods and Laws.	IN PIECES OF				GENERAL AMOUNT.
	500 Reis.	200 Reis.	100 Reis.	50 Reis.	Value in Reis.
Law of 29 July, 1854: From 1 Aug. to 1 Dec., 1854	295,872,000	58,370,800	42,201,600	....	396,444,400
Law of 8 May, 1855: During the whole year 1855	575,442,000	11,170,600	11,314,700	2,072,700	600,000,000
Law of 24 April, 1856: During the year 1856, and in Jan., 1857	845,064,500	154,596,000	....	339,500	1,000,000,000
Law of 27 March, 1857: From 1 Feb., 1857, to 14 Nov. of the same year	897,511,500	97,230,600	4,250,900	....	998,993,000
Laws of 5 March and of 23 July, 1858: From 15 Nov., 1857, to 30 Nov., 1859	2,875,065,000	79,431,000	45,503,000	....	2,999,999,000
Law of 4 Feb., 1861: From 1 Dec. 1859, to 30 Sept., 1862	....	134,318,000	80,000,000	40,860,000	255,178,000
Laws of 4 Feb., 1861, and of 8 July, 1862: From 1 Oct., 1862, to 30 Sept., 1863	22,000,000	111,822,000	....	10,750,000	144,572,000
Law of 8 July, 1862: From 1 Oct., 1863, to 31 May, 1864	82,650,000	17,100,000	....	500,000	100,250,000
Law of 21 May, 1864: From 1 June, 1864, to 30 Sept., 1865	176,000,000	15,000,000	8,000,000	1,000,000	200,000,000
Law of 26 Dec., 1865: From 1 Oct., 1865, to 30 Sept., 1866	283,000,000	10,000,000	6,000,000	1,000,000	300,000,000
Law of 26 June, 1867: From 1 Oct., 1866, to 30 Sept., 1867	240,000,000	1,000,000	....	....	241,000,000
From 1 Oct., 1867, to 30 Sept., 1868	186,000,000	1,000,000	....	....	187,000,000
From 1 Oct., 1868, to 30 Sept., 1869	70,000,000	1,000,000	1,000,000	....	72,000,000
Decree of 21 July, 1870: From 1 Oct., 1869, to 30 Sept., 1870	80,000,000	....	....	....	80,000,000
From 1 Oct., 1870, to 30 Sept., 1871	100,000,000	17,000,000	....	....	117,000,000
From 1 Oct., 1871, to 20 Oct., 1871	....	....	3,000,000	....	3,000,000
Law of 27 Sept., 1871: From 3 Oct., 1871, to 30 Sept., 1872	377,000,000	12,000,000	3,000,000	....	392,000,000
From 1 Oct., 1872, to 30 Sept., 1873	2,000,000	2,000,000	4,000,000	....	8,000,000
Ministerial Resolution of 18 Aug., 1874: From 1 Oct., 1873, to 30 Sept., 1874	....	....	5,000,000	....	5,000,000
Ministerial Resolution of 18 Aug., 1874, and Law of 23 Feb., 1875: From 1 Oct., 1874, to 30 Sept., 1875	....	14,000,000	25,000,000	3,000,000	42,000,000
From 1 Oct., 1875, to 30 Sept., 1876	210,000,000	16,000,000	22,000,000	....	248,000,000
From 1 Oct., 1876, to 30 Sept., 1877	25,000,000	6,000,000	10,000,000	8,500,000	49,500,000
From 1 Oct., 1877, to 30 Sept., 1878	....	3,450,000	5,000,000	1,500,000	9,950,000
Laws of 23 Feb., 1875, and of 2 May, 1879: From 1 Oct., 1878, to 30 Sept., 1879	343,990,000	1,560,000	18,000,000	4,000,000	367,550,000
Law of 2 May, 1879: From 1 Oct., 1879, to 30 Sept., 1880	50,000,000	30,000,000	82,000,000	16,000,000	178,000,000
Totals	7,736,595,000	794,049,000	375,270,000	89,522,200	8,995,436,400

No. 3.

GENERAL TABLE OF THE REPRESENTATIVE VALUE OF THE OLD SILVER COINS WITHDRAWN FROM CIRCULATION UP TO 30TH SEPTEMBER, 1880, IN ACCORDANCE WITH THE LAW OF THE 29TH JULY, 1854.*

Periods.	By Exchange or Transfer.	By Purchase.	By Transactions with the Bank of Portugal.	In Small Money.	In Large Money.	General Total.
20 July 1854 to 30 Sept. 1856	243,245,270	847,427,140	28,872,000	158,562,090	960,982,320	1,118,544,410
1 Oct. 1856 to 31 Dec. 1856	500,950	288,293,200	18,995,000	18,609,550	289,179,600	307,789,150
1 Jan. 1857 to 30 June 1857	580,770	442,116,000	38,572,500	39,153,270	442,116,000	481,269,270
1 July 1857 to 25 Nov. 1857	455,050	388,850,000	12,000,000	12,455,130	388,849,920	401,305,050
26 Nov. 1857 to 30 Sept. 1858	3,029,030	1,114,800,000	37,569,670	10,889,100	1,144,509,600	1,155,398,700
1 Oct. 1858 to 30 Nov. 1859	88,149,840	1,599,000,000		73,321,440	1,613,828,400	1,687,149,840
1 Dec. 1859 to 30 Sept. 1860	204,160,800			71,999,160	132,170,640	204,160,800
1 Oct. 1860 to 30 Sept. 1861	192,378,770			46,958,690	145,420,080	192,378,770
1 " 1861 to 30 " 1862	168,166,420			14,215,300	153,951,120	·168,166,420
1 " 1862 to 30 " 1863	128,007,910			24,514,630	103,493,280	128,007,910
1 " 1863 to 30 " 1864	170,379,080			51,134,360	119,244,720	170,379,080
1 " 1864 to 30 " 1865	286,456,380			99,011,580	187,444,800	286,456,380
1 " 1865 to 30 " 1866	226,855,540			80,749,940	146,109,600	226,859,540
1 " 1866 to 30 " 1867	181,670,420			72,638,180	109,032,240	181,670,420
1 " 1867 to 30 " 1868	152,258,050			56,497,570	95,760,480	152,258,050
1 " 1868 to 30 " 1869	114,071,500			41,351,260	72,720,240	114,071,500
1 " 1869 to 30 " 1870	124,562,380			42,374,860	82,187,520	124,562,380
1 " 1870 to 30 " 1871	55,120,490			33,622,250	21,498,240	55,120,490
1 " 1871 to 30 " 1872	56,953,270			9,372,310	47,380,960	56,953,270
1 " 1872 to 30 " 1873	44,055,120			6,887,760	37,167,360	44,055,120
1 " 1873 to 30 " 1874	22,296,760			3,389,560	18,907,200	22,296,760
1 " 1874 to 30 " 1875	29,759,930			4,586,810	25,173,120	29,759,930
1 " 1875 to 30 " 1876	20,604,630			2,017,350	18,587,280	20,604,630
1 " 1876 to 30 " 1877	21,907,940			2,969,950	18,937,990	21,907,940
1 " 1877 to 30 " 1878	29,000				29,000	29,000
1 " 1878 to 30 " 1879	1,033,780			132,980	900,800	1,033,780
1 " 1879 to 30 " 1880						
Totals	4,680,486,340	4,680,486,340	136,009,170	977,406,080	6,375,782,510	7,858,188,590

*Values in reis

No. 4.

IMPORTATION AND EXPORTATION OF GOLD AND SILVER.

VALUE IN REIS.

Year.	Importation. Gold.	Importation. Silver.	Exportation. Gold.	Exportation. Silver.
	Reis.	Reis.	Reis.	Reis.
1854	3,294,700,000	29,100,000	46,300,000	1,153,800,000
1855	2,648,600,000	72,900,000	58,700,000	2,181,700,000
1856	1,140,800,000	24,100,000	112,800,000	905,300,000
1861	1,931,700,000	2,000,000	165,200,000	502,000,000
1865	390,600,000	12,400,000	3,585,200,000	189,100,000
1866	1,959,200,000	8,300,000	1,815,500,000	252,400,000
1867	330,500,000	31,500,000	1,366,000,000	210,700,000
1868	630,900,000	89,900,000	1,779,300,000	214,500,000
1869	298,500,000	6,200,000	126,200,000	226,500,000
1870	1,140,900,000	1,100,000	10,100,000	108,800,000
1871	3,591,400,000	24,900,000	14,900,000	86,600,000
1872	1,795,200,000	200,000	2,600,000	14,100,000
1873	3,907,200,000	21,100,000	2,500,000	25,300,000
1874	1,439,200,000	57,600,000	....	3,000,000
1875	2,553,700,000	39,300,000	....	17,700,000
1876	4,325,100,000	169,900,000	....	20,800,000
1877	718,800,000	42,300,000	....	
1878	3,237,700,000	344,100,000	....	7,500,000
1879	747,100,000	497,400,000	1,477,400,000	1,146,400,000
1880	2,479,200,000	11,400,000	26,600,000	7,100,000

Full information for the year 1880, relating to the district of Funchal, has not yet been received in the Statistical Department.

No. 5.

GENERAL TABLE OF THE COPPER COINED FROM THE 1st JULY, 1865, TO THE 30th SEPTEMBER, 1880, IN ACCORDANCE WITH DIFFERENT ORDERS.

Destination, Period, and Order.	IN PIECES OF				Total. (Value in Reis.)
	20 Reis.	10 Reis.	5 Reis.	3 Reis.	
Law of 26 June, 1867:					
1 July, 1867, to 30 September of the same year	...	...	2,485,000	...	2,485,000
1 October, 1867, to 30 September, 1868	...	...	3,800,000	300,000	4,100,000
1 October, 1868, to 30 September, 1869	...	...	2,400,000	...	2,400,000
1 October, 1869, to 30 September, 1873	...	...	1,015,000	...	1,015,000
Law of 1 April, 1874:					
1 October, 1873, to 30 September, 1874	...	...	2,900,000	...	2,900,000
Laws of 1 April, 1874, and of 10 April, 1875:					
In September of 1874	...	...	700,000	...	700,000
1 October, 1874, to 30 September, 1875	...	...	10,700,000	4,440,000	15,140,000
Law of 10 April, 1875:					
1 October, 1875, to 30 September, 1876	...	...	4,400,000	206	4,000,206
1 October, 1876, to 30 September, 1877	...	...	...	...	...
Law of 10 April, 1875, and Ministerial Resolution of 23 September, 1878:					
1 October, 1877, to 30 September, 1878	...	...	500,000	...	500,000
1 October, 1878, to 30 September, 1879	...	...	4,060,000	...	4,060,000
1 October, 1879, to 30 September, 1880	...	...	...	...	...
Totals	...	...	32,260,000	4,740,006	37,700,006
FOR THE AZORES.					
Law of 21 May, 1864:					
1 July, 1865, to 30 September of the same year	3,000,000	1,000,000	...	...	4,000,000
1 October, 1865, to 30 September, 1866	3,000,000	2,500,000	500,000	...	6,000,000
1 October, 1866, to 30 September, 1867	2,450,000	...	50,000	...	2,500,000
1 October, 1867, to 30 September, 1868	550,000	1,750,000	200,000	...	2,500,000
1 October, 1868, to 30 September, 1879	...	...	...	...	...
Law of 14 May, 1880:					
1 October, 1879, to 30 September, 1880	...	...	2,000,000	...	2,000,000
FOR THE COLONIES.					
Resolutions of the Treasury; general Direction of the Public Treasurer, 9 April, 1867:					
4 November, 1867, to 30 September, 1868	12,000,000	6,000,000	2,000,000	...	20,000,000
1 October, 1868, to 30 September, 1869	2,900,000	1,500,000	600,000	...	5,000,000
Resolution of the Minister of Finance, 11 October, 1870, and Resolution of the same Minister, 24 January, 1871:					
1 October, 1869, to 30 September, 1871	6,200,000	600,000	1,200,000	...	8,000,000
1 October, 1871, to 30 September, 1872	1,000,000	3,000,000	...	...	4,000,000
Resolution of the Cabinet of Ministers, 30 June, 1872, and Resolution of the Minister of Finance, 2 July, 1873:					
1 October, 1872, to 30 September, 1873	26,500,000	18,800,000	6,200,000	...	51,500,000
1 October, 1873, to 30 September, 1874	45,500,000	2,400,000	600,000	...	48,500,000
1 October, 1874, to 30 September, 1875	4,500,000	400,000	100,000	...	5,000,000
1 October, 1875, to 30 September, 1876	...	...	...	...	...
1 October, 1876, to 30 September, 1877	4,500,000	400,000	300,000	...	5,200,000
1 October, 1877, to 30 September, 1878	...	200,000	...	...	200,000
Totals	112,100,000	38,550,000	13,750,000	...	164,400,000

No. 6.

ACCOUNT OF THE WORKING OF THE EXCHANGE OF GOLD AND SILVER COINS WITHDRAWN FROM CIRCULATION IN THE DISTRICT OF FUNCHAL, BY VIRTUE OF THE LAW OF THE 2D OF MAY, 1879.

			Value in Reis.
Amount of 144,000 piastres withdrawn from Funchal for their former value in actual money, and applied to the payment of the coinage authorized by the law of 23d February, 1876, and to part of that authorized by the law of the 23d February, 1876			130,909,089
Amount of 314,000 piastres withdrawn at the value of 937 reis, which was given to them by the above-mentioned law of 2d May, 1876, to be applied to the coinage authorized by the same law			294,218,000
Amount in piastres and other coins transferred to the vaults of the financial agent in London to be sold			792,596,292
Amount of gold coin withdrawn from the circulation to be changed into Portuguese money			117,575,719
			1,335,299,100
Application:			
Coinage of silver		543,990,600	
Coinage of gold		143,614,018	
Produced by the sale of silver in London		727,217,999	
		1,414,822,617	
Payment in silver bars to the mint for the value of entry into the same establishment		15,125,267	
		1,429,947,884	
Deduct:			
Purchase of fine silver for coinage	62,174,380		
Purchase of fine gold for coinage	28,838,625		
Transport, assurances, and different expenses	18,383,672		
		109,396,677	
			1,320,551,207
Cost of operation			14,647,893

The translation of this Exhibit is, with his permission, taken from the condensation of the Proceedings of the Conference, published in English by Mr. A. Cotterell Tupp, B.A., F.S.S., etc., etc. London: P. S. King. 1881.

FOURTH SESSION.

FOURTH SESSION.

TUESDAY *May* 10, 1881.

MR. MAGNIN presided, and there were present the Delegates of

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India, and Canada,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden and Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting; and for British India,

SIR LOUIS MALLET, Under Secretary of State and chief Delegate of India.

The Session opened at 2 o'clock.

The Minutes of the previous meeting were read and adopted.

THE PRESIDENT expressed his gratification at Sir Louis Mallet's

presence at the Session, and at the valuable co-operation he would bring to the labors of the Conference.

CHEVALIER VON NIEBAUER asked for an explanation as to the meaning of one of the paragraphs of the note submitted at the last Session by Mr. Cernuschi, and designed to elicit from the various governments represented at the Conference detailed information on the mintage of silver since 1st January, 1874. In the last paragraph but one of that note, Mr. Cernuschi expressed a desire that the Austrian Government would state at what date it ceased coining double thalers. By this term double thalers, did the honorable Delegate of France mean thalers known as Union thalers or *vereinsthaler?*

MR. CERNUSCHI replied in the affirmative.

The chief DELEGATE OF THE NETHERLANDS laid on the table of the Conference, as an at least partial reply to the desire expressed by Mr. Cernuschi at the last session, two tables showing, first, the value of gold, silver, copper, and bronze coins struck between 1840 to 1880, at the Utrecht Mint and its branch, and destined to circulate in the Netherlands and their colonies; secondly, the value of the same coins dispatched either to the Dutch colonies or abroad, and of coins which have been forwarded back to the Netherlands.[1]

MR. LARDY, Delegate of the Swiss Confederation, asked leave to speak, in order to submit a proposition. Mr. Lardy spoke as follows:

Mr. President, and Gentlemen—It is with a painful feeling that I speak for the first time in this Conference. In 1874 and 1878, at the meetings of the States of the Latin Union, as at the Universal Conference of 1878, I had the honor of being the humble colleague of an eminent *savant*, Mr. Feer-Herzog. He had represented his country at the foundation of the Latin Union of 1865, and at all the monetary conferences held since that time. You know the important part he took in their labors; several of the essays published by him on monetary subjects are also known to you. His love of the public weal, his disinterestedness, and the firmness of his convictions, make it my duty to render a fresh homage at this meeting to the memory of that excellent man who was taken away

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[1] See "Exhibits A and B," p. 139.

in the prime of life, and whose premature death was due to overwork.

After having discharged this duty to the memory of a friend I have lost, I wish to call the attention of the Delegates to two questions, hitherto only incidentally noticed, and not figuring in the interrogatories adopted by the Conference; one is the industrial use of the precious metals, the other the repression of counterfeit coining.

The quantity of precious metals absorbed by industry is but very imperfectly known. The learned Dr. Soetbeer is preparing statistics of them, but he has not yet published them, and we are, at present, reduced to conjectures. It seems, however, that the use of precious metals in industry is much larger than is commonly supposed. To ascertain its importance, we may proceed by induction. Dr. Soetbeer and Mr. Horatio Burchard, Director of the Washington Mint, estimate that about 19 milliards of francs of gold have been extracted from the mines. If we add eight milliards representing the stock accumulated prior to 1848, we find that the total amount of gold existing in the world should be 27 milliards of francs. Now, according to the reports of the Consuls of the United States of America, calculations which agree, within a milliard, with Dr. Soetbeer's, there are in all civilized countries only 16 to 17 milliards of gold in circulation or deposited in banks. What has become of the difference, which is 10 milliards in 31 years, or about 300 millions a year? After allowing for hoarding, losses, and wear, there remains a considerable mass of precious metal which must have been annually utilized by industry. Thus, it seems almost certain that the watch-making industry, whose annual production is estimated at 90 millions of francs in Switzerland, and 130 millions of francs in the rest of the world, employs gold up to the amount of about 30 millions of francs every year. It is known, moreover, that the gold ring manufacture at Nuremburg absorbs a considerable quantity of gold. The problem is, therefore, complicated, and its solution is of considerable importance, for, if the industrial use of gold is largely developed, the principle that law alone creates the value of the monetary metals, is evidently weakened; and we may, moreover, on the same hypothesis, ask ourselves from the monometallic stand-point, whether there is not ground for proceeding with the greatest caution to the transition from the double to the gold standard. As to the inconveniences of the fabrication of counterfeit money, and even of counterfeit *good* money, they have been pointed out at recent sessions by Mr. Pirmez and Mr. Pierson, and at the Conference of 1878 by Mr. Léon Say. A commission was appointed in

France to investigate the means of preventing the clandestine fabrication and issue of money. What has been the result of its labors? In England Mr. Goschen, a Delegate at the Monetary Conference of 1878, had had his attention called to the expediency of introducing a Bill empowering the punishment, on return to England, of an Englishman guilty of having fabricated counterfeit coin abroad. This suggestion, however, has not been adopted, and the British Government merely offers to hand over the accused in such a case to the Government of the country on whose territory the crime was committed; but, as many Continental States do not now agree to the extradition of their citizens, there is a risk of finding ourselves under the impossibility of obtaining a conviction in England, and that of a refusal of extradition.

In Spain there are other circumstances impeding the efficacy of repression. The coin is so worn, counterfeit coin has been, consequently, so largely extended, counterfeit coin is so prevalent in that country, and so difficult to distinguish from good, that the Spanish Government, with an idea of equity, had to insert in the revised penal code of 1870 a special clause whereby impunity is insured to those who knowingly put counterfeit coin into circulation, if the amount put in circulation does not exceed 125 pesetas. These few examples are sufficient to prove how desirable it would be to effect an international understanding, with a view to the repression of counterfeit coin.

As a deduction from the foregoing considerations, Mr. Lardy requested the Conference to direct its attention to the two following questions:

1. What is the importance of the industrial use of the precious metals, particularly of gold?

2. Is it possible better to insure the repression of counterfeit coining?

It was resolved that these questions should be printed and distributed among the delegates.

The general discussion of the *Questionnaire* adopted by the Conference was resumed.

Mr. Luzzatti, Delegate of Italy, stated that he had no intention of replying to every part of the eloquent speech delivered at the last session by Mr. Pirmez, nor of following the Delegate of Belgium, to whose ability he was glad to pay homage, into the regions of theory.

He merely proposed, from the standpoint of facts, to show that

the economic optimism of his honorable opponent did not rest on an entirely accurate judgment of the situation.

According to Mr. Pirmez, said Mr. Luzzatti, the gold monometallist States are perfectly satisfied with the present state of things, no complaint being there heard, no apprehension manifested. As to the silver monometallist States, such as British India, Mr. Pirmez admits, indeed, that they have to contend with somewhat serious difficulties, but, in his view, those difficulties are solely of a financial, not of an economic character. Lastly, the limping-standard States, particularly the Latin Union, are much less imperiled, according to Mr. Pirmez, than they imagine, by the depreciation of silver, and their very interest should lead them to maintain the *status quo*, and afterwards to move further in the direction of the single gold standard.

Is it true that the general situation is so favorable as Mr. Pirmez asserts? To speak first of England, is it true that that country is so fully, so universally convinced of the excellence of its present monetary system? How is it, then, that eminent men, leading financiers of Great Britain, are beginning to feel serious doubts on this point, and to express them publicly? How is it that an ex-governor of the Bank of England, Mr. Henry Gibbs, who was a Delegate of Great Britain at the Monetary Conference of 1878, who came there a monometallist and went away a bimetallist, now publishes, with the sanction of the present governor of the Bank, a very remarkable pamphlet, in which the superiority of the bimetallic system to the English system is affirmed? How is it, that the Liverpool Chamber of Commerce, representing one of the leading centers of English industry and commerce; how is it, that the manufacturers of Lancashire are memorializing the British Government for the establishment of universal bimetallism as best responding to the interests of English commerce? I do not exaggerate the importance of these demonstrations, but I hope the Delegates of Great Britain will be good enough to enlighten the Conference on this question.

As regards British India, the losses resulting from the maintenance of the single gold standard in England are beyond question; it is also certain that the commerce of that country strongly desires the rehabilitation of silver. Mr. Pirmez, however, denies that the question is as interesting as is imagined for India. He acknowledges, indeed, that the depreciation of silver makes the Indian Treasury lose considerable sums, but he does not admit that Indian commerce really suffers from the fall in exchange at London or Calcutta and Bombay, that fall in exchange being compensated by

a corresponding rise in selling prices. This reasoning, however specious it may be, can not be accepted. The position of India toward England, is really the same as that of countries having forced currency paper money toward countries with a metallic currency. As the rate of exchange in countries doomed to the paper money system undergoes rapid and considerable oscillations, and as the trader can not, therefore, exactly foresee, at the time of delivering the goods, what will be the amount given him in payment, he is obliged to guard himself against that risk, either by requiring cash payment or by swelling the prices, either of which is a serious impediment to the development of business. It is just the same in countries which, like British India, have a depreciated metal, such as silver, as the single standard. The situation of these latter countries is even more serious than that of States having forced currency. The latter may succeed in limiting the depreciation of paper by wise financial administration, by great moderation in the amount of issues, by a skillful development of their economic resources; whereas, a State having a single silver standard is now doomed to undergo the effects of the rapid, unforeseen variations in the price of that metal, variations depending not on its own decisions, but on the vicissitudes of foreign legislation.

In support of this assertion, Mr. Luzzatti referred to a memorandum of the Government of British India of 1876, and to a document by Mr. Chapman, Administrator of Indian Finances, published in June, 1880. He also quoted a remarkable work in which Mr. Seyd showed that England's commerce with single silver standard countries represents three-fourths of her aggregate commerce. Mr. Seyd pointed out the grievous consequences of this state of things, and did not hesitate to declare that trade with countries having a metallic currency in silver was now tantamount to trading with countries having depreciated paper money. The use of a debased metal as much impeded commercial transactions as excessive customs duties, for it falsified the very institution of money.

What, indeed, continued Mr. Luzzatti, is the justifying cause of its use? The twofold quality it possesses; on the one hand, the comparative fixity of its value, on the other, its aptitude, by reason of the material composing it, for maintaining parity between its legal value and its intrinsic value. If coin be deprived of the first of these qualities, it ceases to be money; it becomes merchandise; it is merely, as has been remarked, a kind of paper money that rings when it strikes another object. The consequent depreciation has always serious results, but it is especially disastrous when it so occurs as to dislo-

cate the mutual relations between the various parts of a single country, or between a mother country and her colonies. The Netherlands thoroughly understood this, and, therefore, maintained a uniformity of monetary system between themselves and their distant possessions. By pursuing a different course, by remaining gold monometallist in face of India, who is silver monometallist, Great Britain has exposed India, and has exposed herself to industrial and commercial sufferings of which she is beginning to feel the effects.

If from England we pass to Germany, we meet with a monetary situation at least very precarious. The Honorable Mr. Pirmez declares, with his wonted optimism, that in the German Empire there is no desire for any change in the present monetary legislation. It is always very difficult and delicate to tell whether a great country is satisfied with its monetary legislation or not, for even in the region of scientific inquiries the means of ascertaining the true state of things is far from being infallible. Certain indications, however, allow us to affirm that in Germany opinions are more and more divided between monometallism and bimetallism. It is even evident that the latter system is daily gaining ground. It musters important economic authorities, whose names it is enough to quote: MM. Wagner, Schaeffle, Lexis, Arendt. It has been defended in the Reichstag by several deputies, particularly by one of the leading members of that body, Mr. Von Kardorff; it has been expounded and applauded at numerous public meetings, and by the German agriculturists at their annual congress. Lastly, a symptom more significant than any other, Prince Bismarck himself seems to have conceived doubts of the value of the gold monometallic reform decreed ten years ago by the German Government. He had not, it is true, taken direct part in the last discussion carried on in the Reichstag on the monetary question, but he intimated, through the Secretary of State of the Imperial Chancery, that the Government meant to keep in an observant attitude, and that he was an advocate of the *status quo.* What means such a declaration in a country which, like Germany, first adopted the single gold standard and then suspended the demonetization of silver? It means that the Government is perplexed; that it is asking itself whether it has entered on the right path; that it hesitates to go further on that path; that it does not venture upon the completion of its monometallic reform. What is the result of this? The temporary retention for thalers, at their full paying power, in Germany, like five-franc crowns in the Latin Union.

As to the motives which inspired Prince Bismarck with this resolution, nobody can doubt what they are. He indicated them in the discussion to which allusion has just been made, when the interpreter of his views compared the mass of gold in circulation in the world to too scanty a blanket on a bed occupied by two persons. Each desiring to pull the blanket over himself, the result will be that the mass of gold will become more and more insufficient, according as the movement of exchange increases; it will prove totally insufficient whenever the States now employing forced paper currency money resume specie payment. Prince Bismarck foresees this, and is anxious at once to guard himself against the dearth of gold.

This fear is also felt by science—that true economic science which does not live on theories, but is nourished on facts. The dearth of gold is an eventuality menacing the civilized world. It is hoped to ward it off with the produce of gold mines. The production of those mines is not increasing; it is rather diminishing, as testified by Dr. Soetbeer in his last pamphlet, entitled, "*Statistik der edelmetalle in jahren* 1876–1880." Even assuming that it is increasing, one fact which must be noted is that the distribution of the extracted metal is no longer the same as formerly, and would not allow Europe enough of the yellow metal to enable the States having a paper money circulation to return to a metallic currency, or double standard States to adopt the single gold standard. The three great gold-producing countries are the United States, Russia, and Australia. Now, the United States, since the resumption of specie payments, absorbs all the gold they produce; Russia sends part of the produce of her gold mines to Germany, another part to Central Asia, and keeps the rest for the payment of customs duties in gold and of her foreign debt. As to Australia, formerly able to send her entire production to Europe, she is already beginning to absorb part of it; and in view of the marvelous rapidity with which this second new world is growing, we may foresee the time when it will furnish to Europe only an insignificant fraction of its precious metals. If account, moreover, be taken of all those accessory causes constantly tending to diminish the quantity of gold in circulation, and so properly pointed out by the Delegate of Switzerland; if we think of the waste caused by cost of manufacture, by wear, or by industrial uses, which are very considerable, we perceive that before long Europe may have to suffer from a veritable gold famine. I abstain from importing into the discussion the anticipations of eminent geologists like Mr. Suess, who regard the

quantity of gold still hid in the bowels of the earth as comparatively small.

Certain economists, it is true, offer several replies to that prediction. In the first place, they say that if the yellow metal becomes scarce its price will rise, but that of merchandise will proportionately fall, and that an equilibrium will thus be re-established on fresh bases. But this re-establishment of equilibrium, so easily assumed in a speech or book, what is its real name? In reality, it is styled a crisis; that is to say, ruin for the manufacturer, distress for the artisan, universal uneasiness and suffering.

Some economists also object that if gold should fail, the less wealthy States will content themselves with silver as a medium of circulation, while the countries more advanced in civilization will keep the yellow metal. But is it to be supposed that the States thus sought to be reduced to the use of silver will accept this kind of condemnation? Is it thought that the Powers still under the paper money system can resume a metallic currency with silver alone? In Austria-Hungary, in 1879, the silver florins, as international money of exchange, were below paper money; so it would be with all the States which have a forced currency if they should try to return to a metallic currency without gold money; they would be again reduced to the same situation, the same state of suffering, as under the depreciated paper money system, but they would not suffer alone, for the interests of all nations are now bound up together.

It is remarked, also, that institutions of credit when much developed may, to a large extent, take the place of monetary circulation, and that it is possible that the civilized nations might, with a more and more restricted stock of money, effect exchanges of increased amount. This is true, but it must not be forgotten that if institutions of credit are valuable instruments of circulation, they likewise present very serious dangers. The instruments they issue represent, or assume a value, but do not constitute one; they do not create it any more than a photographer increases the population by multiplying portraits. The fiduciary circulation is, therefore, essentially limited; its development depends on the parallel development of the wealth it helps to express, of the corresponding increase of the metallic stock serving as its guarantee. It could not, therefore, be inordinately swollen without risk of one of those catastrophes but too familiar to the commercial world, and on the memories of which it is needless to dwell.

All these considerations lead up to the same conclusion; Europe

requires gold, will require it more and more, and yet European gold is passing more and more to America. Mr. Pirmez, it is true, denies this kind of drain of European gold to the New World, but that drain is a certain fact. Do you wish for a proof of its intensity? While in 1879 and 1880, the consignments of coin from Europe to the United States were made only at the end of the year for the settlement of accounts, in 1881, in the first three month alone, 2½ millions sterling of gold were dispatched from England to America, while other millions were exported during the same period from France and Germany; nor must it be imagined that this movement will slacken. European gold will, from day to day, be more drawn to the United States, and will remain there longer than Mr. Pirmez believes. The United States will have need of it to complete their great reform, the resumption of specie payments. They have still to withdraw from circulation their notes of the State, which represent a sum of 1,700 millions of francs, and which, though deprived of the privilege of forced currency, they have not reimbursed. For this operation, they will require gold; they will require it also for all the new enterprises yearly being multiplied on their still virgin soil. The United States are a world of giants, whose development marks, as it were, a new era for mankind. Their progress is marvelous, unprecedented, defying calculation, as well as comparison. Their population has increased by 12 millions in the last decade; their territory is being covered with new towns; their agriculture, which brings millions of hectares under cultivation in a single year; their industry, which is daily growing in unheard of proportions, are becoming, for Europe, a menace and a danger against which a number of States of the old continent are trying to protect themselves by means of customs tariffs.[1] Is it supposed that such a country will, before long, send back to Europe the gold it receives? No doubt, it will not hoard it, but it will keep it; it will use it to feed all its new enterprises, just as Europe, from 1850 to 1860, utilized for her great industrial and commercial development, the enormous influx of California gold then glutting her monetary market. No doubt, the laws of international exchanges are such as Mr. Pirmez has stated, but, in the present case, we must foresee the obstacles which would prevent their regular

[1] Here is an example of the rapidity of the development of industry in the United States: the production of pig iron in 1867 did not exceed two million tons; last year, it was four and a quarter million tons.

working; we must, especially, take account of the increase of customs duties, which in the United States impede the free operation of those economic laws.

In view of this exodus of gold, already so perceptible, and destined to become more and more marked, it would be a supreme imprudence for Europe, and especially for the Latin Union States, not to take measures for raising silver from the discredit into which it has fallen. That metal, as Mr. Pirmez has acknowledged, is eliminated, as it were, from circulation, and doomed to be heaped up in bank cellars. Such is the case in the Latin Union; it is supposed to be the same in Germany, where silver is believed to represent nearly two-thirds of the stock of the Imperial Bank. What is the cause of this barren accumulation of white metal? Is it solely, as Mr. Pirmez says, the repugnance felt by the population to the use of this inconvenient metal? No; it is also the discredit with which it is visited through the legislation of several States. Gold, and even the bank note, is preferred to silver, because it is known that with bank notes gold is obtainable, and that gold is every-where received as international money, whereas silver is only a national instrument of exchange. Give silver crowns the same international debt-paying power as gold coin, and you will immediately see them emerge from the bank cellars. Silver, if rehabilitated by legislation, will resume its place in monetary circulation, not only in Europe, but in the United States, for it is not quite correct to say that the new dollars manufactured by virtue of the Bland Bill are rejected by the American public. Out of 82 millions of dollars which have been coined, 66 have entered into circulation, 29 in specie, while 37 are represented by warrant notes, exclusively repayable in silver, and known as silver certificates. There is no justification, therefore, for asserting that silver does not circulate in the United States; it already circulates there, and will circulate further whenever the Federal Treasury calls in the small notes—the one and five dollar greenbacks. And it would assuredly circulate with greater rapidity the day when it recovers its character of international money.

A last objection has still to be answered. Gold monometallists, and Mr. Pirmez among them, state that the double standard in France was never more than the alternative standard, the inferior metal having driven out the better. This is true; but a German writer of great weight, Mr. Lexis, affirms that France did not thus lose as much as is imagined, for if she was paid in depreciated money, she paid also in the same money, whenever the operation

was effected on her territory. The prices of the merchandise she exported were settled by the rate of the less dear money, and by amassing the more precious money, by dispatching it wherever it possessed the greatest purchasing power, France succeeded in developing her imports. It is important to note the fact, for the monetary situation of France is the reduced image of that of a great bimetallic union, comprising the most powerful States on the globe, such as England, France, the United States, and Germany. No doubt, even with a widely extended bimetallism, you would not avoid deviations occurring between the value of the two metals, inasmuch as money is an equivalent, as well as an instrument of exchange. Monetary laws, by inducing a greater demand for certain precious metals, increase their value, but the monetary use of these metals is enforced on mankind by reason of the intrinsic qualities with which they alone have been endowed by nature. The acceptance of bimetallism by a very large number of States, would, however, have the effect of limiting the fluctuations, and mitigating their grievous consequences. The past sufficiently answers for the future on this point. If, in 1850, on the invasion of California gold, gold had been made mere tokens, as certain economists demanded, who can say what fall that metal, thus deprived of its monetary function, would have undergone? It retained, however, nearly all of its value at that time, owing, especially, to the action of French legislation, and to the economic strength of France. These two causes combined, acted as a great compensation balance.

To sum up, if gold monometallism be the supreme truth, all nations will adopt it; there will be, so to speak, well-clad nations and naked nations, and fearful crises will occur. If it be otherwise, sufferings, the existence and gravity of which can not be denied, impose on Governments the duty of seeking a remedy. Now, that remedy can not consist in the maintenance of a state of things which makes debased silver flow to the less wealthy nations. The remedy will be discovered only in the putting in force of organic laws, which are really written reason, and the expression of the necessary relations of the precious metals, whatever should be the measure of those relations, a question which is not at present under discussion.

MR. FREMANTLE, Delegate of Great Britain, wished to make reservations respecting the character of the pamphlet recently published by the ex-governor of the Bank of England, Mr. Gibbs,

with the approval of the present governor, and from which Mr. Luzzatti had drawn an argument in favor of the bimetallic doctrine. Undoubtedly, Mr. Gibbs and the present governor of the Bank of England enjoyed on exceptionally high position in the commercial world, but they would be the first to acknowledge that, in the pamphlet referred to by Mr. Luzzatti, they had not claimed to express the opinion of the Bank of England, still less public opinion in Great Britain.

SIR LOUIS MALLET, chief Delegate of British India, said he proposed, hereafter, to make known to the Conference the views of the Indian authorities on the question of the depreciation of silver. He would confine himself, at present, to observing that Mr. Chapman's memorandum, to which Mr. Luzzatti had referred, had no official character, and contained only the expression of the writer's personal opinion. It should, however, be added that that opinion was entirely shared by several of his colleagues of the Indian administration.

MR. DE THOERNER, Delegate of Russia, thought that at the point the discussion had reached, the time had come for quitting the purely theoretical ground, and seeking the practical solution of the questions submitted to the Conference. In the interesting discussions which have already taken place, said Mr. De Thoerner, each of the extreme systems has found brilliant champions, but can a result be arrived at by the application of absolute principles? Must we, as the gold monometallist school assert, employ gold to the exclusion of silver, as the sole agent of monetary circulation? Is there no redemption, as argued by the bimetallists, on the other hand, except in the arbitrary fixing by the legislator of the ratio between the two metals? Is there not a third question to be raised, a third solution to be indicated? Can not we deduce some general conclusion from the propositions developed here in behalf of his Government by the chief Delegate of Germany?

It is assuredly certain, setting aside other sides of the question, that one measure is better than two, and one standard better than two; it seems also indisputable that gold possesses, in a superior degree, the qualities necessary in a metal employed as money. It is preferable to silver, just as railways are preferable to roads and bye-ways; but it does not follow that silver should disappear any more than the superiority of railways over roads should involve the destruction of the latter. Were money solely a standard, a

measure, there would be an advantage in using a single metal, and that the best; but it is also an instrument of exchange, having an intrinsic value, and the requirements of the public demand that that instrument of exchange should be placed in sufficient quantity at the disposal of the public. Now, is that condition, at present, fulfilled? Could it now be so with gold alone, if the entire exclusion of silver from circulation were arrived at? Could it be so especially in the future? It would be difficult to reply to these questions in the affirmative. To deny the dearth of gold, is almost denying daylight; and this dearth will probably increase, for, from the monetary standpoint, the resumption of specie payments by Italy, Austria-Hungary, and Russia, threatens Europe with a serious danger. It can be warded off only by reverting, at least partially, to the use of silver, which the Western World has sought too suddenly to dispense with, by an effort which has brought vengeance upon its authors. It is not a question, of course, of abandoning the gold standard, which would be marching backwards in civilization. Nor is it a question of establishing that fixed and immutable ratio of 15½ between the two metals which Mr. Cernuschi proposes to decree. Mr. Pirmez has clearly demonstrated the inconvenience and danger of such a system. Its promoters appear to forget that money has not merely a legal, but an intrinsic value, and that by giving it a legal value much higher than its intrinsic value, there is a risk of reducing it to the rank of paper money.

The true practical means of rehabilitating and utilizing silver, is to enter on the path opened up by the proposals of Germany. Those proposals have an important practical bearing; they have, perhaps, a still greater scientific and theoretical meaning. In what do they consist? In three points. Firstly, suspension of the sale of silver; secondly, substitution of silver money for small gold coins; lastly, replacement of silver small-change tokens by silver coins having real value, and coined of the same fineness as the full legal-tender money.

In order to appreciate the advantages offered us, we must first define what is the aim to which our efforts should be directed. Is it simply to cause a rise of silver in order to enable the treasuries of various States to dispose with less loss of the stock of that metal still incumbering their cellars? Is it not rather to effect a better distribution of the two metals, to enable us to dispense with gold where it is not indispensable, in order to place a sufficient quantity of it where it is really necessary, namely, in the reserves of banks?

In substituting silver money coined at its real value for small gold coins, this is precisely the end we attain. The effects which might be expected from this mode of procedure would even be very important if it were decided to extend this measure to the gold coins corresponding to ten-franc and ten-mark pieces. If the majority of the European States resolved on adopting that measure, this would neutralize half of the perils with which the dearth of gold is threatening Europe for the future. Reckoning that the three great European States still under the paper money system, Russia, Austria-Hungary, and Italy, represent altogether 155 millions of people; estimating at 35 francs per head the average amount of gold money to be put into circulation,[1] we see that 5½ or 6 milliards of francs in gold specie would be needed by them if they are to return to the metallic system. Now, half that sum would be found if the gold pieces equivalent to ten francs and below it were transformed in Europe into silver pieces; Germany would thus leave available half a milliard of francs in gold; France and all the other metallic countries about a milliard and a half; lastly, Russia, Austria-Hungary, and Italy, would need a milliard less.

Such may be the practical result of the proposals of Germany; from a scientific standpoint they have a not less important bearing. The gold monometallist theory rested on two axioms; it laid down, on the one hand, that gold must be coined in the smallest possible subdivisions, and, on the other, that silver must be absolutely excluded from circulation or admitted only in the form of subsidiary tokens. The proposals just made by Germany, impelled doubtless by the force of events, are the very negation of these two essential points of this monometallist monetary theory. They flow, on the contrary, from the two-fold principle, that there is a certain limit below which it is not fit to carry the subdivision of gold, and that the gold standard in no way excludes the circulation of silver by the side of gold, but, on the contrary, requires it. In this way we revert to the old historical tradition which gold monometallism attempted violently to destroy; we revert to bimetallism with one standard of value, which was, formerly, silver, which would now be gold, but which, far from eliminating silver, would insure it a constant and regular employment in the internal circulation of each State.

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[1] The gold circulation of Germany is estimated at 32.22 marks per inhabitant. (See the pamphlet, "Die Währingsfrage in Deutschen Handelstage," Berlin, 1881, p. 16.)

Would it be possible to go further in this path? Could we extend to international exchanges a system of bimetallism with a gold standard and give silver a place in the foreign circulation? To succeed in this, it would, perhaps, seem expedient to coin an international piece, or rather to consider silver from the international standpoint as a stock exchange security (*valeur de bourse*), whose rating in relation to gold would be periodically fixed, either according to the average market rates or by virtue of an understanding between Governments. Silver would thus be considered between one nation and another, not as a standard of value, but as a simple instrument of exchange. It would be, in fact, a kind of circulating ingot, with this difference, that it would retain the supplementary value added by mintage to its intrinsic value, and would be guaranteed against the chances of an extreme and sudden fall by a kind of international minimum.

This, however, is a question not yet perhaps ripe, and which it is enough to notice in passing. What it is important at present to deduce from this discussion is, that no extreme system is in possession of absolute truth. Bimetallists are right in desiring the circulation of the two metals, but they are wrong in desiring arbitrarily and by decree to give an immutable value to silver. Monometallists are wrong in desiring to drive silver altogether out of the monetary market, but they are right in exclaiming against the pretention of their opponents to regulate the mutual relation of gold and silver. The Conference of 1878 will have had the result of reacting against one of these fallacies, and of rehabilitating silver in public opinion; it appertains to the present Conference to lay down the rule that silver has its settled place in the internal circulation by the side of gold, and to seek in the path opened up by Germany the fittest means of insuring the practical application of that principle.

COUNT RUSCONI, Delegate of Italy, delivered the following address:

Mr. President, and Delegates—I shall not make a speech. I shall only offer some observations on the speech delivered a few days ago by our honorable colleague, Mr. Pirmez.

In his brilliant discourse did he not overlook one circumstance? Did he not omit taking into consideration one fact, one conviction, which has seized on the minds of thinkers, and has effected a multitude of conversions to bimetallism, the conviction that gold is not sufficient for carrying on all the affairs of mankind?

Yet it is this consideration which has made several who hitherto supported the doctrine he has so brilliantly defended, pass over to the other camp; "pass over to the enemy," as Mr. Gibbs says. Now, is not this fact of extreme importance, and without a universal upset of all prices, all existing economic conditions, could we adhere to the doctrine of having only gold as money?

Mr. Pirmez has drawn a flattering picture of the monetary conditions of Europe and America. We are imaginary invalids, he says, or rather we are quite well, and it is only too zealous friends who come and tell us, "Look out; take care of yourselves, you are not in good health." "What!" we reply, "we are not in good health? But we feel ourselves, on the contrary, quite strong; what are you talking about?"

Is this view, however, a sound one; is it consistent with facts? Is there not in England a remarkable movement in favor of bimetalism? Is not India complaining of the millions of rupees which the monetary legislation of the mother-country cost her every year? Has not Germany's reform been suspended midway? Has not the limping-system of the Latin Union created a host of inconveniences?

"But," Mr. Pirmez tells us, "wait a moment; look at what is happening with the Bank of France; is it not demonstrating the very reverse of the Sieve of the Danaides; is not all the silver flowing back which it was sought to take away? Has not the Bank of France 1,200 millions of silver pieces? What plainer proof that people will not have silver; that the circulation rejects it?" What! 3½ milliards of silver money have been coined? about 2½ milliards are circulating quite well in France, and accepted by everybody, especially in the country, yet, because there is one milliard buried in the bank cellars we are told people will no longer have silver!

Mr. Pirmez tells us, "Your 15½ is an arbitrary ratio; legislate as much as you like, public opinion will override your laws; above your laws, governments, and assemblies, there is the public; there is some one who has more *esprit* than M. de Voltaire, namely, all the world."

But are we not entering here on the everlasting question of money? Would not all discussion be at an end if we agreed once for all on the definition of it? Is money a merchandise? If the answer is yes, bimetallists are wrong, and nothing would be more absurd than to desire to fix a constant value between two kinds of merchandise. But if money is not a merchandise, if it is only a creation of law whch makes and unmakes it at pleasure, why

may not law, which makes money, fix also a ratio of value between two different moneys?

I, of course, accept 15½. Why? Because it exists; because it has worked well for a hundred years, whatever the production of mines; because I do not want to demonetize eight or nine milliards of silver money, or acknowledge a principle which would compel me perpetually to repeat the operation by fixing the ratio according to the quantities of the two metals. It is nature which, in the long run, undertakes the equilibrium; if there are deviations from time to time in the production of one of the two metals, the aggregate production of both (statistical tables have proved it) follows a regular and uniform march. I, therefore, accept 15½, just as I should accept 16 or 20 if it existed. When we were flooded, some years ago, with five milliards of gold coming from Australia, California, and Russia, did the circulation feel it? Not the least in the world. It is now the turn of silver. Well, that will pass by as gold passed by. I accept, therefore, 15½.

Our honorable colleague's ideal is the single gold standard system; but did he not himself join in the Declaration of the Conference of 1878, in which I had the honor of being his colleague, which stated that it was not desirable that silver should be disused; that it was necessary, on the contrary, to maintain in the world the monetary function of silver as well as that of gold. And, indeed, would not what has happened to silver have happened just the same to gold, if adopting the idea of an illustrious economist, whom we have unfortunately lost, it had been demonetized? The two metals form but a single monetary mass. "There are white grapes and red grapes," said a wit, "but the juice extracted from them is always wine." There is white metal and yellow metal, but what is made of them is always money; take one away, and you will derange all prices; it will be impossible for any country having forced paper currency to emerge from it. You will have divided one-half of mankind, whose only money is silver, from the other half, which has only gold, and there will be no means of their agreeing. You will simply force them to resort to barter.

As to the intrinsic value of the metal so often spoken of, to what is it reduced, and in what proportions does it enter into the composition of the value of money?

I have here a purse, and I have skates, but if the law decrees forced paper currency, if nature no longer freezes the water, what becomes of the intrinsic value of my purse and my skates? In metallic money there is certainly an infinitesimal portion of the

value it represents, but close the doors of the mints to the metal composing it, and you will have the exact measure of its so-called "intrinsic" value.

Ricardo says that money, in its most perfect form, is paper, but on condition of its value being guaranteed by deposited ingots. We may accept Ricardo's theory, while considering the deposited ingots as a guarantee of quantity, not of value. The productions of nature have limits, those of man may have none. I accept, therefore, the guarantee of ingots, but only for quantity; that is to say, in order to be sure that I shall not have *assignats*. As to value, ingots guarantee scarcely any thing.

Money is not a merchandise. What characteristics has it in common with merchandise? Has it not forced currency? Is its price discussed? Is it bought? Is it sold? Has it a market? What, then, are the characteristics in which it resembles merchandise?

As to the double standard, Mr. Pirmez, in one of those remarkable speeches of which he is such a master, has also said that the dynamics of values do not differ from those of bodies. Take, he said, two bodies animated by different motions, and fasten them together, you will obtain a uniform motion, but what one will gain the other will have lost. I reply, what matters it if the quantity of motion is not diminished, but remains still the same? What matters it that silver rises and that gold falls if the metals form but a single monetary mass?

To sum up, gold is not sufficient. The monetary conditions of the world cause serious disquietudes; we have a proof of it even in our meeting together. The example of the Bank of France does not stand for much; there can be no idea of altering the 15½; money is not a merchandise. If deviations occur in the production of one of the two metals, when looked at separately, those deviations cease as soon as you add together the two different productions. To proscribe one of the two moneys would be tantamount to abolishing money and turning the course of mankind three thousand years back. I would suggest, therefore, that the whole discussion should henceforth turn on and be confined to the definition of money, from which might flow results of which a very accurate idea is not yet perhaps formed.

Mr. Burckhardt-Bischoff, Delegate of Switzerland, delivered the following address:

Mr. President, and Gentlemen—It appears, from the Declaration

made to you by my honorable colleague the Minister of Switzerland, that the attitude recommended by the Federal Council to the Delegates who have the honor of representing the Swiss Confederation in the International Monetary Conference, is an expectant policy; that they must not take part in any vote, but that their mission is to listen, to report, and to ask for fresh instructions from the Federal Council before pronouncing on any proposition which may be submitted to the Conference; but, in giving them these instructions, the Federal Council in no way intended to forbid its Delegates to take part in the discussion of the interesting questions which occupy the Conference. It is from the exchange of ideas that light will emerge; and even supposing that the Conference now assembled will produce no immediate results, its labors will furnish valuable elements for a solution which the future, I hope, reserves for us. It is with this view that I wish to submit to the Conference a few observations upon the question before us; observations which represent merely my personal views, yet which are consistent in all points with the policy which Switzerland has always advocated in monetary matters.

Allow me, in the first place, gentlemen, to join in the homage paid by my colleague, Mr. Lardy, to the memory of my regretted friend and predecessor, Mr. Feer-Herzog, who represented Switzerland at all the monetary conferences which have been held since 1865, and whose great ability and thorough knowledge of all the elements of this complicated question, combined with an unrivaled capacity for labor, have been generally acknowledged and appreciated even by those not sharing, on all points, his economic opinions.

Gentlemen, I possess neither the talent nor the extensive knowledge, nor the eloquent speech of Mr. Feer-Herzog, and if the Federal Council has done me the honor of associating me with the Minister of Switzerland and his colleagues, in representing the Swiss Confederation in a gathering composed of so many men distinguished by their acquirements and labors, it was because it had this idea, that the part of a country like ours can only be a humble one, and that our mission will be, not to propose bold measures imbued with genius, but rather to support, to the humble extent of our ability and light, the wise and intelligent ideas which will be enunciated by more competent and influential men.

For my own part, I am thoroughly convinced that the monetary policy inaugurated by the Latin Union in 1865, with the co-op-

eration and support of our colleague, Mr. Feer-Herzog, has been a wise policy; that it has yielded as good results, and that the successive restriction and ultimate entire suspension of the coinage of silver have alone preserved the States of the Latin Union from seeing all their gold disappear from circulation and replaced by silver coin.

Very cogent reasons would, therefore, be necessary to induce us to abandon that policy, and to re-open our mints to the unlimited coinage of silver. Do such reasons exist? It is this which it behooves us scrupulously to examine.

Let us first look at what science says, and next approach the question as it presents itself to practical men; men experienced in and accustomed to financial affairs.

My honorable neighbor, Mr. Cernuschi, says that law makes money; that the State determines its value; that it is in the power of the State to confer simultaneously on both metals the character of money, and to fix, in a durable and obligatory manner, the ratio which should exist between the value of gold and the value of silver.

Now, that is what we dispute. The State, by affixing its stamp to a disk of gold or silver only testifies to the weight and fineness, and gives it a name. That name conferred by the State is, moreover, the primary cause of the confusion existing as to money, and of all the pernicious measures which have resulted therefrom.

If the unit of the French standard, which is 5 grammes of silver, 9-10ths fine, had no other name than 5 grammes of silver, it would be invariable; 5 grammes of silver, 9-10ths fine, would remain to all eternity 5 grammes of silver. Law and the State would have nothing whatever to do with it; nothing to add, and nothing to take away; but law has conferred on this unit the name of franc. The franc now represents indiscriminately either a disk of silver of 5 grammes, 9-10ths fine, or a disk of gold of a weight whose proportion to silver is 1 to 15½. This is the effect of law, and this has been the cause of the monetary confusion which has lasted for centuries, and still subsists.

When the value of gold increased in relation to that of silver, the State diminished the weight of gold forming the monetary unit; when the value of silver increased, the State diminished the weight of silver. In the course of centuries, the weight of coins has thus been constantly diminished and deteriorated, the name, it is true, remained the same; the monetary unit was still called the livre till the day when its name was altered by the law of the

year XI. to that of franc; but the livre was no longer a livre, it had diminished and diminished till it had been reduced to a mere fraction of the original livre. This was a profit to the government which manufactured the money; it was profitable to debtors who discharged their debts by means of a weight of silver or gold below that which had been agreed on; but all these profits were made at the expense of the mass of the population. We see the last instance of such a diminution of the weight of money in France applied to gold in the king's Declaration of the 30th October, 1785, as reprinted in the documents annexed to the Minutes of the International Monetary Conference of 1878. It was that royal Declaration which instituted the legal ratio of 15½ between gold and silver, which was afterwards adopted by the law of the 17th Germinal, year XI., and forms to this day the basis of the monetary system of France and her allies.

It results from the foregoing that it was law which, by conferring a name on the piece of money, was the instrument of the successive debasements of the coinage which we have seen in the course of centuries, and that so far from establishing the value of money in a fixed and durable manner, law, or rather a bad application of law, has, on the contrary, impaired and falsified the value of money.

I think, moreover, that the single standard principle, as a basis of a nation's monetary system, is generally accepted by science. It is acknowledged that as the monetary unit consists of a disk of gold or silver of a given weight and fineness, there can not be in theory two independent units, one in gold the other in silver, having an equal value, compared with each other. This is acknowledged by all economists as an absolute scientific truth, but a certain number of them dispute its opportuneness when once it is a question of putting it in practice.

Let us now look at the practical side of the question; let us pass from the region of theory to the region of facts.

Gentlemen, I was formerly a banker. For 20 years I was first the head of a banking firm, and afterwards at the head of one of our institutions of credit. I have now retired from business, and I seek no other interest in this question than the general interest of the country, and the interest every thoughtful man must feel in so important a question, which both appertains to science and exercises a paramount interest on the economic organization of society and of the march of business.

I have maintained permanent relations with our financiers in

Switzerland, and have sought to ascertain their opinions on this subject. I must tell you that the question is much controverted among us, as elsewhere. We have among our bankers warm advocates of the re-establishment of the silver circulation; we have some who defend the *status quo* and clamor for the gold standard. There is, however, one observation to be made. These gentlemen are not always disinterested in the question. It is clear that those who trade in the precious metals have a pecuniary interest in the maintenance or re-establishment of the double standard, which is a lucrative source of operations for them, and one involving no risk. It is proper, therefore, to accept, with a certain reserve, their complaints and demands, which we may suspect of being influenced, to a certain extent, perhaps unconsciously, by motives of private interest.

So much for our financiers in Switzerland; let us pass to those of Paris.

I have the advantage of keeping up excellent relations, both of old and recent date, with a certain number of leading bankers at Paris, and I have endeavored to see the way in which they look at this question. I must acknowledge that here again opinions seem somewhat divided, but my impression is that the cause of the single gold standard has for some years been making progress among leading bankers.

I have been much struck by the observations, full of truth and precision, made to me by a man occupying a very high position in the financial world, and at the head of one of the chief institutions of credit in Paris, inferior in importance only to the Bank of France.

Well, speaking of the monetary standard, this gentleman said to me: "This is, above all, a question of honesty. If I lend a merchant 155 kilogrammes of silver, honesty requires him to return me 155 kilogrammes of silver. If I lend him 10 kilogrammes of gold, honesty requires him to return me 10 kilogrammes of gold. But it is not honest for the law to give my debtor the option of returning me either 10 kilogrammes of silver or 155 kilogrammes of gold, according to whichever is the most advantageous for him. The law should be just and equal for all, and not arbitrarily favor either creditor or debtor. This is what makes the superiority of the English market in the world's commerce. When I buy a bill of 1,000*l.* on London, I know that I shall receive as many ounces of 22-carat gold as are involved in the proportion of 3*l.* 17*s.* 10½*d.* per ounce. When I buy a bill of

25,000 francs on Paris, I do not know whether I shall receive gold or five-franc silver pieces, and I do not know at what price I shall be able to exchange the five-franc silver pieces for gold. This is why bills on London are the chief criterion of international operations throughout the world, in India, China, Australia, America, and this is why they are preferred to bills on France. For this reason I myself make all my long-running contracts in pounds, in gold payable at London. The pound is a firm and unchangeable basis, whereas the franc is not.

"Nearly all French Governments, since king Philip Augustus, successively debased the old French livre, and the franc under the double standard system is still liable to debasement; that debasement may even be very appreciable, if we are ever obliged, through a bad harvest or any other unforeseen accident, to pay in silver for purchases made abroad in silver. The franc is a word not representing one and the same article, whether a given weight in gold or a given weight in silver. For every monetary system the essential basis is honesty and truth."

Such, in few words, is what that financier told me. I think you will be struck, like me, with the soundness, clearness, and precision, of his ideas.

Gentlemen, I am afraid of having already abused your indulgence, but if you will allow me, I should like to offer some observations on two other points which have been alluded to in the discussion we have heard.

These observations relate: 1. To the alleged loss sustained by the German Government through the carrying out of its monetary reform. 2. To the difficulties created for the Latin Union by its stock of five-franc silver pieces.

Mr. Cernuschi has told us that Germany has lost 96 millions of marks through her monetary reform, and that other nations have profited by that loss. He has proposed that these 96 millions should be repaid to Germany by the other nations. Now, I may, first of all, remark that, according to the official documents communicated to us by the Imperial Government of Germany, the difference resulting from the sale of 7 millions of pounds, or 3½ million killogrammes of fine silver, compared with the purchasing price, amounts only to 71 millions of marks, and that the balance of 25 millions arises from the wear of the old coin withdrawn from circulation; that is a loss inherent in every coin currency, and has nothing whatever to do with the monetary reform and the introduction of the gold standard. In any case, therefore, only 71 mil-

lions would have, according to Mr. Cernuschi, to be reimbursed to Germany by the other nations.

But I go further, and I deny that any loss has resulted to Germany from her monetary reform.

We must not in fact overlook that the German mark which constitutes the gold unit, has now a value very different and very superior to one-third of the old thaler based on silver. The alleged loss results from the exchange of the old silver coins for gold on the footing of 15½. Now that ratio is 1 to 18.

To buy a thousand kilogrammes of gold, Germany has paid 15,500 kilogrammes of silver, plus 1,700 kilogrammes, so-called loss on silver; total, 17,200 kilogrammes of silver.

These 1,000 kilogrammes of gold are now worth 18,000 kilogrammes of silver.

There is no loss, therefore, but a profit; and if Germany now wished to repurchase all the silver she has sold for eight years, she might do it at a considerable profit.

The gain in value is not confined to the silver sold and replaced by gold. The silver sold amounts to 7,130,000 pounds, producing a sum of 567 millions of marks. But the whole monetary circulation of Germany, which formerly consisted of silver, and is now based on gold, a circulation which may be valued altogether at about 2½ millions of marks, has profited by this gain in value. Germany's exchange at Paris is now 124 francs per 100 marks. Now, if Germany had still her old silver standard, the exchange at Paris would be 110 or 105 francs per 100 marks. On a monetary stock of 2,500 millions, this would make a difference of at least 300 to 400 millions of marks.

To judge of the results of the monetary reform, it is necessary to consider not only the amount of marks realized, but the value of the mark as compared with the franc.

In my view, all this shows that the monetary reform has imposed no real sacrifice on Germany. I fully agree with the view expressed in the declaration made to us by the Delegates of Germany at a previous session, "That the monetary reform has sensibly improved the conditions of the circulation of that country," and I can not, for my part, but share the opinion enunciated by them, that "Germany's monetary reform is now very far advanced, and that her general monetary situation does not seem to invite her to a change of system."

There remains the second point on which I propose to say a few words, namely, the stock of coined silver existing in the Latin

Union. I agree that this is more serious, and that it has inconveniences for the present and elements of danger for the future.

Nevertheless, as shown by the honorable Mr. Pirmez, in his brilliant speech, the impending abolition of forced currency and resumption of specie payments by Italy must sensibly lessen these inconveniences and dangers by creating a new and vast outlet for the circulation of our silver pieces, and by giving them access to a great country with a population of 28 millions. The silver stock will be spread over a population of nearly 80 millions, in lieu of the population of only 50 millions at present using it.

It is none the less true that this stock of coined silver far exceeds the requirements of the internal circulation of the Latin Union; the people do not like it, and reject it; foreign commerce does not accept these coins at the artificial value attributed to them by law, so that they flow into the public treasuries and great financial establishments, and choke the cellars of the Bank of France.

I think it is expedient to seek a remedy for this state of things. We might convert into ingots a portion of the silver coin rejected by circulation; these ingots would have a fixed weight of 1 kilogramme, 10 kilogrammes, 100 kilogrammes, and would be of the uniform fineness of nine-tenths. They would be deposited in the cellars of the great banks of issue, the Bank of France, Bank of England, Imperial Bank of Germany, and others. In exchange for these ingots, the banks would issue *münzscheine*, or silver certificates, similar to bank notes, but giving a right to one or more silver ingots of a fixed weight, and nine-tenths fine.

These certificates might be either payable to bearer or to a given person, and transferable by indorsement; they might serve as an instrument of exchange, and replace silver coin as far as regards the circulation of silver. They might freely circulate throughout the world like cheques or bills of exchange, without the silver they represent changing its place. Commerce would buy them, and would withdraw the silver deposited at the bank as soon as it had a use for it, whether for the requirements of industry, for trade with Eastern countries, or other purposes.

It seems to me, gentlemen, that this is an idea worthy of being discussed and taken into serious consideration. It may possibly contribute in a certain degree to the solution of the question before us. There will be, indeed, a more or less serious loss on converting five-franc silver pieces into ingots, and substituting the real and commercial value of this stock for the artificial value assigned it by law. But we shall undergo that loss only once, and if we succeed,

even at a considerable sacrifice, in putting a stop to the inconveniences and dangers inherent in the present monetary circulation, and in establishing it on firm and durable bases, I think the result obtained will not be bought too dear, even at the sacrifice of a very considerable sum of money.

These, gentlemen, are the observations which I was desirous of offering to you.

I leave off where I began. Switzerland is a small country; she has, at all times, to a greater or less degree, made use for her internal circulation of the money of her neighbors, now German, now French. Since 1850, she has had the French monetary system, and has openly rallied to the monetary policy of the French nation. This same current afterwards induced the formation of the Latin Union. Switzerland asks nothing better than to continue in the same path, and to act in concert with France and her other allies on the monetary question.

This situation makes it incumbent on us to co-operate to the extent of our light and experience in the study of the great, complicated, and vital questions now before us. It is to contribute towards that task that I have allowed myself to offer you the foregoing observations. I thank you for having received them with courteous attention.

Mr. Cernuschi, without intending to reply to Mr. Burckhardt-Bischoff's speech, was anxious to recall that, contrary to the estimates of the honorable Delegate of Switzerland, the German Government had really lost 96 millions of marks through the carrying out of its new monetary system. The Imperial Chancery itself testified this in the memorandum which had been distributed at the Conference, and the profit of quite a different nature, which the German Government might at the same date have realized on the manufacture of small change, could not be logically reckoned as an off-set.

The discussion was adjourned to Thursday, 12th May, at 1.30 P. M.

The Session concluded at 5.30 P. M.

FOURTH SESSION.

: A.

THE NETHERLANDS, page 000.)

IN THE NETHERLANDS AND IN T MENTS CONNECTED WITH IT.

ierlands.					
Bronze.			Qu F S	Number of Pieces Coined per Year, or per Period of Ten Years.	Nominal Value Coined every Year, or per Period of Ten Years.
eces of 2½ Cents.	Cents.	Half Cents.			
					Fs. c.
....	....	....	....	7,875,085	17,287,587 50
....	....	....	....	15,442,378	33,551,075 00
....	....	....	....	11,567,078	13,928,072 50
....	....	....	....	13,795,726	32,089,815 00
....	....	....	....	9,151,000	41,140,280 00
....	....	....	....	17,848,106	16,061,630 00
,000,000	6,100,000	....	....	24,634,149	11,459,750 00
....	53,900,000	4,000,000	....	58,900,000	659,000 00
....	....	....	....	1,781,086	5,920,360 00
000,000	20,000,000	....	....	25,050,100	901,000 00
000,000	80,000,000	4,000,000	....	186,044,608	172,998,070 00
....	....	....	....	123,888,082	130.708,926 25
....	....	....	23,	1,086,529,670	140,797,138 20
....	....	....	....	122,707,835	119,019,077 00
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RLANDS.

...rlands.					
Bronze.			Quart of Flori — Silv	Number of Pieces Exported each Year, and per Periods of Ten Years.	Nominal Value of the Exportations by Years, and by Periods of Ten Years.
...s of 2½ ...nts.	Cents.	Half Cents.			
					Fs. c.
....	....	....	....	4,780,000	11,950,000 00
....	....	....	....	2.602,000	6,280.000 00
....	....	....	....	9,870,000	22,080,000 00
....	....	....	....	494,480	1,236,075 00
....	....	....	....	1,650,000	4,012,500 00
....	....	....	....	889,000	2,110,000 00
....	....	....	....	6,642,600	16,926,000 00
....	....	....	....	4,000.000	10,000,000 00
....	....	....	....	2,470,000	6,700,000 00
....	....	....	....	1,480,059	3,650,059 00
....	....	....	....	34,328,089	84,895,165 00
....	....	....	....	1,061,375,135	117,499,496 75
....	....	....	23,200	112,231,156	151,534,186 00
....	....	....	23,200	1,207,934,380	353,928,847 75
....	....	....	....	14,375,346	12,665,828 85
....	....	....	23,200	1,193,559,034	341,263,018 90
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FIFTH SESSION.

FIFTH SESSION.

THURSDAY, *May* 12, 1881.

MR. VROLIK, Vice-President, presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain British-India, and Canada,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden,
Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting.

The Session was opened at 2 o'clock.

The Minutes of the previous Session were read and adopted.

In pursuance of the order of the day, the general discussion of the "*questionnaire*" was resumed.

MR. DANA HORTON read the following address:

Mr. President, and Gentlemen—In taking the floor to present some remarks suggested by the learned addresses of the representatives of Governments which do not feel themselves justified in forming a monetary alliance with France, and with my country, you will permit me first to follow the speaker who has immediately preceded me, Mr. Burkhardt, upon ground which, although it forms no part of the direct object of our reunion, has still a meaning and an importance which are more than personal, more than national. I allude to the touching words through which Mr. Burkhardt has expressed his admiration and his regret for a distinguished Delegate, who represented Switzerland in the Conference of 1878, and who is now no more. Gentlemen, it is to associate myself with that sentiment that I address you. As a former Delegate to that Conference of the Government which convened it, it is my privilege to do justice to the memory of Mr. Charles Feer-Herzog, to his profound learning, to his marvelous activity of mind—in a word, to all those qualities of the thinker, the statesman, and the orator, which are attested by the monetary policy of his country; by the history of the Latin Union, of which he was one of the founders; by the Conference of 1867, of which he was one of the originators; by the records of the Conference of 1878; and by monetary literature, his first contribution to which dates, I believe, from 1850.

Although opposed, in theory and in practice, to the movement of ideas toward the adoption of the gold standard, to which Mr. Feer-Herzog's activity made such important contribution, I could not fail to recognize, in the motive forces of this great movement, the sense of the need of a closer union among civilized nations; and, although I did not believe it possible to form a great monetary union without using both metals at the same ratio, I have always felt for those who created and directed this movement the sympathy natural to one who has sought to realize what he at least believed to be the better portion of their aims.

I can not, however, now pass to our discussion without having mentioned another occurrence of a similar nature. I speak of the death of Mr. Ernest Seyd, the monetary writer, whose works are known to you, and which took place at Paris, since the covening of our Conference. It was the profound interest which he took in the Conference which brought him here, and which, I believe, hastened his death. How intense that interest was, may be

well understood, when we remember that but a very few years have passed since the day when there was no serious opposition to the general adoption of the gold standard, except on the part of Professor Wolowski, at Paris, and of Ernest Seyd, at London.

I now pass, gentlemen, to some remarks on certain passages of the address of the honorable Delegate of Norway at the second Session.

In this remarkable address, he has presented to us an interesting résumé of the economic history of our time, and, notably, he he has established the comparison between the situation before 1850 and that in the midst of which we live, so far as regards the means of exchange and transportation.

Let us turn our attention upon the picture which he presents; taking France, at the same time, as he does, as the center of gravity in the monetary world.

In the period which, in France, is known as the reigns of Charles X. and Louis Philippe, we see a preponderating circulation of silver. The 100 cent, or five-franc pieces, which exist in such great abundance in France, predominated in the monetary world. Gold was scarce, exceedingly scarce; a premium was paid for gold, and it was a high premium. Nevertheless, gentlemen, people used what gold they had; gold circulated. There was gold in the countries which had the double, or what I have preferred to call the silver and gold standard, and it was used in business; only it was used at a premium.

It is this situation which gentlemen fear to see reproduced.

If I have rightly understood them, the speakers who have depicted the possible results of the formation of our Bimetallic Union, have presented the situation before 1850, which they have portrayed in the blackest colors, saying to the bimetallist, "In this you see the outcome of your work: *Mutato nomine de te fabula narratur.*"

Let us ask, then, what was the cause of this premium on gold, the successor of which is to overflow the fixed ratio of our Bimetallic Union.

Premium means, does it not, that there was a demand, an employment for gold, and that there was not enough gold to supply it? Otherwise, gold would have rested at par; that is to say, at the ratio fixed by the French law.

Now, what was the total stock of gold, as compared with silver, at this epoch? If I be not mistaken, gentlemen, all specialists are agreed that the proportion was approximately 40 per cent. of gold

to 60 per cent. of silver, while the annual yield of the precious metals was about one-seventh what it is now, and of this yield not even 40 per cent. was in gold. The expression *Geld-Theuerung*, which the learned German economist, Roscher, has applied to a part of this period, seems to me to apply to the entire period when it is taken as a whole, and when one remembers that it was inaugurated by a general retirement of paper money. In this situation, precisely the opposite of the present situation, when gold is in a crushing majority in the Western World, there was always the pressing demand for gold for England, which has been so often mentioned. The character of this demand, in its first attack against the monetary basis of the business of Europe, at the time of the resumption of cash payment, is very well defined when I say that the demand of the year 1821 brought about a rise of the *friedrich d'or*, in Germany, from $5\frac{1}{2}$ to $5\frac{3}{4}$ thalers, nearly 5 per cent. I cite, in support of this assertion, an authority whom all are bound to respect. I refer to the learned Hoffman, First Professor of Political Economy at the University of Berlin, First Director of the Statistical Bureau of Prussia.[1]

But, gentlemen, when we remember what the industrial and commercial importance of England was at that epoch, and that, as has been so well explained in the learned address of our honorable colleague, Dr. Broch, every journey which gold made in its business of circulation took so much time, when people had to trust to horses, and to sailing ships, rather than to locomotives and steamers, I ask you, was it not a very strange fact that the premium paid for gold in France was so small? The blanket was very narrow, gentlemen, if you will permit me to borrow Prince Bismark's simile, and England was lying in the middle. Why did not those who were on the outside pull harder at the blanket? Was it not because the law, by giving either metal the power of acting as substitute for the other, made the blanket stretch so that they did not have to pull so very hard? I confess to you, gentlemen, that the facts upon which the honorable Delegates of Norway and of Belgium seem to rely—I speak here of that portion of the remarkable address of Mr. Pirmez, in which he predicts for us a premium on gold—seem to me to support precisely the opposite conclusion to that which they draw. I see in the situation before the discovery of the great gold mines, a powerful reason why the European Continent should complain of England for disorganizing, by her refusal to use silver, the stability of the pur-

[1] Document of the Conference of 1878, p. 706.

chasing power of Continental money, both domestic and international. One might, indeed, say that this premium, of which we have been speaking, never would have existed if England had been content to take merely her fair proportion of the metallic stock of the Western World at that epoch. I see, also, in the fact that, notwithstanding such rude attacks, the premium on gold remained within such narrow limits, a proof of the intimate relation which I have believed to exist between money and law, and which induces me to think there will be no premium on gold in our Bimetallic Union.

In connection with this observation, I allow myself to call your attention to certain historical points which have been mentioned by the honorable Delegate of Switzerland, Mr. Burckhardt, and, also, I think, Mr. Pirmez. I refer to the assertion that the French laws of 1785 and 1803, in adopting the relation of 15½, had done nothing but merely adopt a relation already created by the natural course of events.

This is an opinion, gentlemen, generally—I might, indeed, say universally—held by those who have taken an interest in this question. Nevertheless, the researches which I have myself made, enable me to present information upon this particular question, as well as upon the general rise of gold at the end of the last century, and at the beginning of this, which indicates not only that this opinion about the origin of the ratio of 15½ is unfounded, but, also, which shows clearly that this rise of gold was directly the result of laws which favored gold at the expense of silver. The documents upon which these conclusions are based are to be found, in English translation, in my "Contributions to the Study of Monetary Policy" in the Document of the Monetary Conference of 1878. If the Conference has no objection, I will, without taking time to set forth the matter now, present a memorandum on this question, to be printed as an exhibit to the Journal.[1]

In presence of observations, which have rather a theoretical nature, concerning the ineffectiveness of legislative interference in matters of money, and which have been presented by the Delegates of Belgium, Switzerland, and Russia, I also ask permission to present, as an exhibit to the Journal, the considerations on this subject embodied in my pamphlet entitled, "La Monnaie et la Loi," which has already been presented personally to the members of Conference.[2]

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[1] Exhibit A, p. 167.
[2] Exhibit B, p. 174.

Returning to the question, I shall, if the honorable Delegate of Belgium will allow me, ask him to make the attempt to apply the economic principles of freedom of exchange upon which, if I do not deceive myself, his views on the nature of money are based—to the situation of Europe at this epoch of which we have been speaking. It is neutral ground in the past, but, at the same time, familiar ground. What would have been the result if it had been left free to all those who had payments to make, to choose, each one, his means of payment? That is what I should call the logical result of the application of the principle of freedom of exchange to money.[1]

But, gentlemen, if we approach the question as Mr. Broch and Mr. Pirmez have formulated it—that is to say, whether it is not to be feared that the fixed ratio, when it shall be established, will be at once abandoned—it is necessary to ask which of the two metals will command a premium on the other. These distinguished speakers say that it is gold which will be at a premium. Very well. Do they admit, then, that gold is about to become scarcer than it is now. I think they are, to a certain extent, bound to make this concession. The supposition, therefore, upon which the opinion of these eminent men is based, is it not, that *the stock of gold is already, or is about to become, too small to meet the demands of the Western World*, and that, for this reason, gold is to be at a premium after the Bimetallic Union is formed? Very well! Gentlemen, I beg you to look at the other side of the supposition. It is a melancholy picture. Let us leave to one side for a moment the serious question of the *Geld-Theuerung*, the money famine, the prolonged crisis which I have mentioned in the list of questions which I had the honor to present. (See page 51). I merely ask, with reference to this important matter of the premium, how long do you expect to be able to keep the five-franc piece at par in the terrible situation which has been depicted? If gold is to be at premium over silver in the Bimetallic Union, when silver will be money and coinable in Europe, money and coinable in Asia, in America, and in the Islands of the Sea, can you have any doubt that, *in case the Bimetallic Union is not founded*, gold will be at a premium over tokens?

I regret, gentlemen, to be obliged to repeat here remarks which I made in the Conference of 1878. But, it seems to me, that gentlemen neglect the important fact that the five-franc piece is a

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[1] See Exhibit E, 12th Session, p. 494.

token. In fact, it seems to me, that it is in the order of the day for the adversaries of bimetallism to propose that these silver coins shall be redeemable in gold at the demand of the holder.

If we accept the hypothesis, gentlemen, that gold is to be insufficient for monetary uses, I think we shall also have a reply to the distinguished speakers who express the fear that, in the Bimetallic Union, silver will fill the circulation, and gold will stay in the banks. The danger of such a state of affairs seems far more imminent if the barriers are maintained which now paralyze the international movements of silver; that is to say, if the Bimetallic Union is not formed.

In fine, I have to say with reference to the interesting question raised by Dr. Broch, namely, whether the lightness or the portability of gold has not to-day an importance relatively greater than it possessed at the period of which we have spoken, that I can by no means accept as valid the reasons he gives for his view that this is the case. The important fact to which he calls our attention, that to-day stocks and bonds travel about over the world, appears to me a proof that the whole world has a new interest in the stability of the international purchasing power of money. So, likewise, the new modes of transportation seem to me adapted to facilitate the transportation of the metal silver, relatively so light, as well as of wheat, and meat, and cheese, and other commodities, which are relatively so heavy, and yet which in our day make such long journeys. If the greater part of commerce consists in having commodities which, value for value, weigh 10 times or a 100 times more than silver transported by railways and steamers, I see no insurmountable inconvenience in having the balance, the small residue, which is paid in money, likewise transported, though it be in silver.

In another part of his speech the learned Delegate of Norway has presented us with very serious views on the situation of existing silver coin throughout the entire world. He estimates the total sum of gold money at 18 milliards of francs, and the total of silver money at 16 milliards nominally, but really at 14 milliards, because of the depreciation of silver. The formation of the Bimetallic Union means, therefore, he says, a rise, an increase of the total stock by two milliards (2,000,000,000) francs. If I be not mistaken, the honorable Delegate of Belgium regards the situation from the same point of view as Dr. Broch, and draws the same conclusion, namely, that "the formation of a Bimetallic Union

would give a stunning shock to the commercial and industrial world, and cause a serious disturbance in all communities."

I may be permitted to ask if there is not here an error in the calculation, which becomes a very serious matter on account of the conclusions to which it gives rise.

If this silver coin were really depreciated in its quality of money, there would be, of course, a fall of gold, and a sudden and similar rise in silver.

But is this silver depreciated? Is it true that gold is at a premium of 18 per cent. over silver coin in the Scandinavian Union, in England, in France, and in Belgium?

It is for you to decide this question, gentlemen. For myself, I avow, judging by my experience in the last few weeks, I found that in England no more than 20 silver shillings were given or taken for a pound sterling, while in France, in the circulation, a napoleon is worth no more than four five-franc pieces. In my country, I am absolutely certain that the silver dollar is still at par with gold. In fact, I remember that the honorable Delegate of Norway, in an eloquent address which he delivered in the Conference of 1878, expressed the opinion that that dollar would remain at par, provided it were protected by maintaining the limitation of coinage. I must, therefore, ask for more precise information concerning the existence of this silver coin, the situation of which as money is to be so changed by the formation of the Bimetallic Union. If its situation as national money—for the question of its exportability has not been raised by the honorable Delegates—does not change, if the shilling, the florin, the franc, the mark, the krone, the dollar, exchange at the same rate, relatively, to gold after, as before, the formation of the Bimetallic Union, the objections of the honorable Delegates do not seem to repose upon a very permanent basis.

It is in the Indies, however, in China, in South America, in Mexico, that the greater part of the 16 milliards of silver coin are, of course, to be found. But is the silver coin there depreciated? Has there been a corresponding change of prices in those countries since 1873? If the learned Delegates can give us any information on this point it will be of the greatest interest; I await it with impatience. From my present point of view, however, I do not understand this to be the case nor that the Bimetallic Union implies any other important change in the situation of these peoples than the following: In their foreign commerce, and in international investments, where gold has been recognized as the medium, or as the

standard of payment, there will be a change; and the same thing will happen in gold countries, *mutatis mutandis*. But even in these limits, and they are very narrow, gentlemen, I find that the language used by the learned orator passes the bounds of reality. Silver will rise 18 per cent., he says, and gold will fall. But if there be a rise of silver of 18 per cent., there can hardly be a fall of gold of the same amount. If gold descends, it must surely meet silver on the way.

Mr. Cernuschi, Delegate of France, asked the Conference for a few moments of its courteous attention. He proposed to prove that bimetallism, with the fixed ratio of 1 to 15½, was legitimate and necessary, in reply to the various objections offered to that system by Mr. Broch and Mr. Pirmez; and, lastly, to explain how bimetallism, at 15½, had worked with success for many years, what chances it had of being again adopted by the principal nations, and under what conditions it could be restored.

It is not necessary, said Mr. Cernuschi; it is not desirable, that mankind should have a single philosophy, a single religion, a single language. But it is necessary, desirable, indispensable, that mankind should have a single money. Mankind did have it; the monometallists have deprived them of it. Till the last few years humanity enjoyed the immense advantages arising from unity of money, and those advantages it did not owe to the use of a uniform coin; it owed them to the unity of material. The law, by placing the yellow metal and the white metal on the same footing, by establishing a fixed and invariable ratio between them, had made them really a single money. That is what the legislator had decreed, and in this he had not exceeded his rights. He had simply used them as the gold monometallist legislator uses them, when he decides that gold shall serve as money and have forced currency; as the silver monometallist legislator uses them in an opposite direction for silver. There is nothing arbitrary here, if by arbitrary is meant misuse of the free will appertaining to the legislator in the exercise of the prerogatives with which he is invested. Whoever, indeed, speaks of money, speaks of value fixed by the law. Money without fixed value, without legal and obligatory currency, is not money, but simple merchandise. Gold monometallists are the first to acknowledge this; otherwise, why do they decree that gold shall neither rise nor fall? If the assigning of a fixed value to money was no longer considered an essential right of the legislator, the very institution of money would collapse. There would

then be exchanges of products for products; but there would be no more purchases, no more sales, no more price, no more payment. We should revert to the procedure of primitive communities, to the barter practiced among savages.

If bimetallism, with the fixed ratio of 1 to 15½, is legitimate, it is also possible. This has been denied, but it is like denying daylight. So possible is it that it existed for nearly a century. From 1785 to 1874, despite all the perturbations in the yield of mines, all the economic or political catastrophes, it remained the monetary law of the whole world. Examine the rates of silver at London from 1833 to 1874, and you will perceive that that metal, subject to the variations of exchange, was always worth its par of 15½ with relation to gold.

I lay before you the table of Messrs. Abell and Pixley, giving the price of silver from 1833 to the end of 1880. I shall have occasion, later on, to explain how these prices fluctuated within certain narrow limits, calculated beforehand, around the par of 15½, which is 60$\frac{13}{16}$ *d.* per ounce.

An electric cable unites Europe and America; the cable breaks; we propose to put it right, and, behold, we are told it is not possible for Europeans and Americans to correspond by means of a wire. Such is our situation with regard to the monometallists; they maintain that the establishment of a bimetallic legal value is unnatural, although for nearly a century nature never objected to its regular and peaceful working.

The ratio of 15½ held its ground till the day when the equilibrium was destroyed by legislation, through the suspension of the mintage of silver in France.

Bimetallism is not only legitimate and possible; it is also necessary. It is the only system which protects humanity from the disquietudes and sufferings resulting from the variations which occur in the yield of mines. These statistics of the so-called precious metals, which play so large a part in the argument of the monometallist, have no importance in the eyes of bimetallists. Why? Because the latter take as the basis of their system the original act from which the monetary idea is deduced, and which consists in the acceptance of natural facts. They admit as monetary metal the whole quantity which exists and will exist, whatever the color, and whatever the importance of the annual yield.

Strangely enough, Mr. Broch supplies us with statistics, in which he gives the value of the gold and silver annually produced. How does he go to work to make that valuation? He resorts to the

15½; he says, for instance, that the silver produced amounts to such and such a sum in francs; but he has no right to do this. The silver not being coinable in francs, it is impossible to express, in francs, the value of silver. That metal is, in Europe and the United States, merely a merchandise of variable value.

This is a very important point; I, therefore, applied to the firm of Wells, Fargo & Co., of San Francisco, who publish periodical statistics on the production of the two metals in the United States, and asked them whether it would not be better to renounce giving the value of the metals produced, and to content themselves with making known the weight. Here is the reply of Messrs. Wells, Fargo & Co.:

WELLS, FARGO & CO. TO MR. CERNUSCHI.

SAN FRANCISCO, *April* 12, 1881.

I have received your letter of the 14th March. I should be very glad to give you full information, but it is impossible for us to give the exact weight of the metal, and it is also impossible to give the value with precision; for the accounts of certain producing localities were based on the commercial value of silver at the time of dispatching it, while the accounts of other localities were reckoned by the old legal value which silver had in the United States. If I can assist you, command my services, etc.

J. VALENTINE, *General Manager.*

In the view of bimetallists, law is stronger than all the irregularities of production. This was proved at the time of the opening of the Californian and Australian mines. The French law prevented the fall of gold, which monometallists had predicted. This was what the Secretary of the United States Treasury, Mr. Ingham, foreshadowed for the future, and attested for the past, in a report on the relative value of gold and silver, presented to the Federal Senate, on the 4th of May, 1830. The writer[1] expressed himself, in this remarkable, yet little known document, as follows:

"Upon a careful review, . . . it appears to me the following singular but instructive statements are evidently deducible:

"Whatever degree of uncertainty may exist as to the precise quantity of the precious metals which was imported into Europe during the fifty-three years succeeding the discovery of America, the records of that time abundantly testify that gold constituted the chief part of the supply, and that, nevertheless, its great pre-

[1] John White, Cashier of the Bank of the United States, Baltimore.

ponderance, did not produce any sensible effect on its market value in reference to silver.

"It is evident that the enormous importations of silver consequent upon the exploition of Potosi (which mine alone is estimated to have supplied 150 millions of dollars in the ten years subsequent to 1545), did not vary the relative value of these metals by a rise of gold, as we find that Queen Elizabeth, and her eminent advisers, considered it expedient, in 1560, to reduce the standard proportions from $11\frac{1}{10}$ to 1, to a fraction under 11 to 1.

"The discovery of the alluvial mines of Brazil, in 1695 quadrupled the annual average amount of gold previously produced, yet in 1717, when this inundation, as it may be termed, was at its height, the value of gold remained the same as in 1650, 1 to 15.

"Although it appears that the explorations of new mines, but especially of Biscaina, Sombrarete, Catorce, and Valentiana, in Mexico, towards the middle and latter half of the last century, increased to such an enormous amount, yet the market value of silver was almost uniformly higher in England than the standard of 1717.

"These extraordinary circumstances in the history of the precious metals appear to invite and authorize the inference that it is impracticable to fix, with accuracy or utility, the value of gold to silver by a comparison of the quantities produced."

The variations of production are less to be feared, moreover, with the bimetallic system than with the monometallic system, inasmuch as the production of the two metals taken together, at the valuation of $15\frac{1}{2}$, annually amounts to about 33 millions sterling, but with considerable fluctuations, from year to year, in the relative quantities of the two metals. It must be acknowledged that statistics, in money, of the production of mines, are impossible when once the legal ratio, the common denominator between the two metals, is abolished.

If, however, we were doomed to monometallism, if it were necessary to choose one of the two metals, the choice could not be doubtful. Silver would have to be chosen; the existing mass of gold is too small; gold is too difficult to subdivide ever to become universal money.

It is true that numerous reproaches are cast on silver; it is too heavy, says Mr. Broch, too cumbersome; it excites a general repugnance among the public. No doubt silver is too heavy, and so also is gold. Bimetallists, therefore, do not wish either to saturate the circulation with metal, or to coin a single five-franc piece above

the present figure. Their only object is to restore to silver its old monetary dignity, so that it may, just like gold, remain in the form of ingots, in the bank cellars, as a guarantee of the notes in circulation. The banks of Hamburg, Amsterdam, Genoa, and Venice formerly acted thus; the English, Scandinavians, and Americans still act thus with gold.

Mr. Broch holds that gold money should be the money of civilized countries, and silver money that of less civilized nations. What! Was not the Germany of Goethe and Schiller equal, in point of civilization, to that of Mr. Bamberger and Mr. Soetbeer? Did not Plato and Aristotle, who used silver, live in a civilized country? Is not India a civilized country? It is true that, according to Mr. Broch, the degree of civilization can be ascertained by the greater or less proportion in which railways are developed in a country; but can India, even from this standpoint, be reckoned backward? And when India shall become civilized to the extent desired by Mr. Broch, and shall be entitled to gold monometallism, what will she do with her silver rupees? Bear in mind, too, that India had always been bimetallic, and that it was English law which made her silver monometallic.

The great danger of a vast bimetallic union, according to Mr. Broch, would be the liquidation, in case of the bimetallic compact coming to an end. This is a mistake; the international 15½ does not impose the mutual currency of coin, such as, for example, exists, to a certain extent, in the Latin Union. The case of a liquidation can not arise. As for the case of war, which has also been spoken of, in order to inspire a fear that one of the States might recede from bimetallic engagements, the reply is easy. No State has an interest in demonetizing a metal; it would ruin itself. The example of Germany is quite conclusive on this point. Establish the 15½, and it will live upon its own resources.

I think, continued Mr. Cernuschi, I have replied to all Mr. Broch's objections. It only remains for me to thank him for having acknowledged that if bimetallism were adopted, it could only advantageously be done by adhering to the ratio of 1 to 15½.

The reasoning of Mr. Pirmez is more difficult to follow, for the honorable Delegate of Belgium argues sometimes as if gold and silver were merely merchandise, sometimes as if gold had monetary rights not possessed by silver. It would seem, however, that if gold and silver are merchandise, the logical conclusion should be not to have gold money to the exclusion of silver money, but to have none at all.

Mr. Pirmez talks of the preference given to gold over silver, by reason of the qualities of the former metal. How can he thus explain that preference, when it is confessed that money is made not to be kept, but to circulate; when it is certain that if the public use money, it is not for the sake of possessing a certain weight of metal, but of having a legal monetary unit whose power is beforehand known? That power being equal for both metals, they indifferently accept and expend either. It has always been so in the States of the Latin Union.

The honorable Delegate of Belgium denies the drain of money metal which may happen through the working of the balance of trade; he almost denies the balance of trade; he thinks the differences in the exchanges between nation and nation are settled by bills, securities, clearances, and arbitrages, not by direct consignments of monetary metal. No doubt, deliveries of securities and arbitrages play a great part in the settlement of international accounts. No doubt, banks are like permanent clearing-houses, but if the liquidations are not made immediately, it is none the less true that they are eventually made. The debtor nation must necessarily pay the creditor nation, and it is then that the metal money is dispatched.

Mr. Pirmez twits bimetallists with practicing monetary homeopathy (*similia similibus*), and with advising the unlimited mintage of silver as the sole remedy for nations suffering from a glut of silver. The reply is easy. If a glut of silver is now suffered from, it is because silver is outlawed, has no longer the character of international money, is, as it were, hemmed in in each of the countries where it exists, without being able to pass the bounds. All that bimetallists propose is to rehabilitate it; to raise the blockade, and by a clause in a statute, as by a stroke of the wand, to make it the equal and equivalent of gold. It is not a question of augmenting the quantity of silver, but of mobilizing the silver that already exists.

According to Mr. Pirmez, the situation of the Bank of France in no way justifies the alarms of bimetallists. If it has in its cellars hundreds of millions of silver, it should not be uneasy, for that silver serves to guarantee its notes. But how can it be supposed that there is no inconvenience for that great financial establishment in having a stock composed for the greater part of a metal which can not attempt to pass the frontier without meeting on all sides a kind of monetary quarantine established by foreign powers. The five-franc pieces are really only paper money with a metallic ring. It

is incomprehensible how Mr. Pirmez, who repudiates silver, can maintain that the five-franc pieces at the bank are a good guarantee for the notes it issues.

Mr. Pirmez also endeavored to reassure the Conference as to the possible consequences of the drain of European gold to America. If this fact occurs, he says, gold will not be slow in returning to Europe, by very reason of its abundance in the United States, and of our requirements. The facts, however, contradict this specious theory. We now see forced currency countries, Russia, Italy, Austria, Hungary, continue to lack gold. To procure metallic money, it is not enough, in fact, to have urgent need of it, one must have a favorable balance of trade; one must be the creditor of the foreigner, or else borrow. According to these principles, it can not be denied that Europe may be more and more exposed to seeing her gold cross the Atlantic.

The United States are convinced of this, yet, nevertheless, they now propose the adoption of international bimetallism. After numerous variations of opinion, after frequent changes of legislation, the great American Republic has now frankly rallied to the bimetallic system. President Garfield's inaugural address, delivered the 4th March last, leaves no doubt on this point:

"By the experience of commercial relations, in all ages, it has been found that gold and silver afford the only safe foundation for a monetary system. Confusion has recently been created by variations in the relative value of the two metals; but I confidently believe that arrangements can be made between the leading commercial nations which will secure the general use of both metals. Congress should provide that the compulsory coinage of silver now required by law may not disturb our monetary system by driving either metal out of circulation. If possible, such an adjustment should be made that the purchasing power of every coined dollar will be exactly equal to its debt-paying power in all the markets of the world."

What does this speech mean? It virtually says that the Bland Bill is bad; that the limited mintage of silver, so long practised by France with such injury to herself, is a dangerous system. It sets aside all the expedients proposed under preceding administrations; such, for instance, as the increase of the weight of the limited mintage dollar; it publicly acknowledges that the true and only means of restoring to European silver its value in America, and to American silver its value in Europe, is the mutual and simultaneous resumption of the mintage of silver on both sides of the ocean

This is the idea under whose inspiration the French and American Governments convened this Conference; in assembling it, they had none of the ulterior designs attributed to them by Mr. Pirmez. It is not a question for the United States of disposing in Europe of the produce of their silver mines, or for France of getting rid, to the detriment of the United States, of the mass of silver lying in the bank cellars. The purpose, on both sides, is quite plain and above board: France wants to rehabilitate silver in order to be able to pay indifferently with the yellow as with the white metal for the balance of its imports from the United States; America desires to facilitate the return of European silver into universal circulation, because she is the creditor of Europe, and it is good policy for any creditor to help his debtor to fortify his solvency.

Assuming that the principle of bimetallism already adopted by the Governments of France and the United States obtains also the adhesion of Europe, or at least of the greater part of Europe, how would that system practically work? It would work as it worked in France prior to the suspension of the unlimited coinage of silver. In 1878, I described, in these terms, this working of French bimetallism:

"Until 1874, a clear and sonorous voice was always heard resounding from the banks of the Seine; it said, 'I am France, rich in gold and rich in silver. I can arrange that, in the entire world, the two metals form but one money. Peoples and nations! bring to Paris all the gold and all the silver you like. I take it all. For a hundred weight of gold, or for 15½ hundred weights of silver, I will always give you the same quantity of francs. Let the production of one metal or the other be more or less abundant, more or less costly, it will be immaterial to me; I will never alter my rate of 15½. Peoples and nations! do you want gold? bring silver. Do you want silver? bring gold. As bimetallist, the French have no preference for one metal or the other; they will always make the exchange for you, *if you know how to ask for it*, of one metal for the other on the basis of 15½, and in the two hemispheres the relative value of the two metals will always, and every-where, be the same, of 1 to 15½.'"

Such, in fact, was, for many years, the situation of France. Nothing could be firmer or safer. With her unchangeable law of 15½, she was the great agent of monetary manufacture for the producers of gold and silver; a kind of international mint, where the two metals came to be coined at a fixed ratio, and on invariable conditions. For foreign nations, she played the part of an international

exchanger, amply provided with yellow as with white metal, and ready to furnish either to clients; that is to say, to monometallist countries; to those who, having only one of the two metals in circulation, might, at any time, need to procure the other abroad. Sometimes she furnished silver to England for her consignments to India; sometimes she furnished gold to Hamburg in exchange for silver, so that silver monometallic Germany might pay gold monometallic England; but she always furnished it to those who *knew how to ask for it*, that is to say, to those who paid a premium beyond the par of 15½. She thus gained on both sides.

Mr. Pirmez has expressed regret that the Latin Union did not, according to the advise of Belgium in 1865, abandon this enviable position, and become monometallic. This is regretting a chimera which could not have been realized; but, had the measure been possible, its adoption would have endangered, not promoted, the interests of the Latin Union. By trying, indeed, to get rid of a metal, and flooding its neighbors with it, a State injures itself as much as them; by making their payments more difficult, it paves the way for its own impoverishment; it violates the economic law, which demands that the metal of which money is made should be a citizen of the world.

The quite recent example of Germany proves, moreover, how difficult it is to get rid of money metal. If Germany has disposed, through great difficulty and loss, of a portion only of the silver she possessed, it is because she had by her side, at least during the early years of the operation, the outlet of the Latin Union, and because the United States were in course of substituting silver coins for their small notes. The demonetization of silver in Germany took place in coincidence with a mintage of 500 millions of francs of that metal by the Latin Union, and of 70 millions of dollars, in fractional money, in the United States. The employment of German silver yielding a profit, every body wished to profit by it. Even Switzerland, despite her dislike of the white metal, coined 10 millions of francs in silver during the first year of German demonetization, and thus realized a profit of some hundreds of thousands of francs.

Mr. Lardy, Delegate of the Swiss Confederation, observed that this profit did not figure in the current receipts of the Federal budget, but was purely and simply carried to the reserve fund of the mint. Switzerland, moreover, coined only eight millions in five-

franc pieces in 1875, (not 1874), out of a total contingent of more than 30 millions.

Mr. Cernuschi, resuming his speech, remarked that Germany could not possibly have carried the demonetization operation as far as she had done, if the Latin Union had not lent her a hand. So true is this, said Mr. Cernuschi, that the Latin Union having suspended the mintage of silver in 1878, Germany had to stop her sales of silver by 1879. How then should the Latin Union, if it in turn attempted the demonetization of its silver, succeed in carrying it out? How could it have done so, even in 1865, if it had followed the advice of Belgium and pronounced for gold monometallism?

England was alarmed at the fall in silver, and, in an elaborate inquiry, conducted by Mr. Goschen, she investigated its causes. According to the report of that committee, the fall of silver had no less than four causes: the German cause, namely, the demonetization of silver in Germany; the French cause, namely, the limitation of mintage in the Latin Union; the American cause, namely, the increased production of the United States silver mines; and, lastly, the Indian cause, namely, the falling off in the demands made for coin by British India. The declaration of the German Government is very explicit on this point. It acknowledges that, if the first of these causes had not occurred, silver would not have fallen. A single great country, in Europe, therefore—it is important to take note of this—has attempted to become gold monometallic, and the result of the attempt has been a serious loss for that country; a serious embarrassment for all the others. These are the consequences of a partial success of gold monometallism; what would be the results of its general triumph, assuming that it were possible?

People are beginning to see this in France, as abroad. Notwithstanding the nearly unanimous hostility of the economists forming the Political Economy section of the Institute, bimetallism is daily witnessing an increase in the number of its adherents in France; it is enough to cite, among the most important, the President of the Senate and the illustrious *savant*, who is one of the Delegates of the French Government at this Conference.

Bimetallism is also gaining ground beyond the French frontiers. Even in the Scandinavian States, the director of the Bank of Sweden is framing a scheme of arrangements which is almost bimetallist, and is preparing a model international coin composed of both

metals. It is a scheme that can not be accepted, but it reveals bimetallist tendencies. Austria has made, at this Conference, a declaration imbued with sympathy for bimetallism, and Hungary, according to a publication of its Delegate, Mr. de Hegedus, is on the way toward supporting that doctrine. Germany herself testifies that she is interested in the rehabilitation of the white metal, and that bimetallism is necessary in the world. Italy, whose financial sufferings are evident, and who wishes to meet her financial engagements, impatiently demands the consolidation and extension of the bimetallic system. In India the embarrassment is serious, and the desire of arriving at bimetallism not less ardent. On the 17½ millions sterling, which the Indian Government has annually to pay to England, it lost last year, through the fall in exchange, more than three millions of pounds, or, to speak more accurately, more than 30 millions rupees. Indian commerce is likewise suffering in a due proportion. There need be no surprise, therefore, at the cries of distress coming from India, at the disquietude which is felt by the Government of that vast empire, and which have found their strongest expression in a remarkable memorandum by the director of Indian Finance, Mr. Chapman, in which bimetallism is put forward as the only possible remedy.[1]

The complaints of India are finding an echo in England. The Chambers of Commerce, the merchants of Manchester, Liverpool, Birmingham, Glasgow, London, the great Oriental Banks, all these authorized clients of India are also becoming supporters of bimetallism. Their complaints, however, are not listened to by the British Government, which does not seem sufficiently informed about the state of affairs. England is accused of being selfish on this question. I should rather believe her blind, insufficiently enlightened, as to her real interests. I may be mistaken, but it seems to me that if the English and Indian Delegates agreed to reply to various requests for information we might put to them; and if they would keep their Governments accurately informed of what passes here, we might hope to triumph over the prejudices still prevalent in governmental circles in London.

To sum up, the commercial, industrial, and financial world is in a state of undeniable embarrassment through the monetary situation. That embarrassment would be transformed into acute suffering if monometallism persisted. Monometallism is so conscious

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[1] See Exhibit C., p. 184.

of this, that it now confines its pretensions to the maintenance of the *status quo*. It is not entitled to do this. If its doctrine is sound, it should persist in furthering the application of that doctrine; but if it pauses, if it is the first to ask that silver, which has already been coined, shall continue to be legal currency, with full paying power, it is only a disguised and limping bimetallism.

It is real and sincere bimetallism which must be attained. It is practicable with four States, with three, or even with two. Yes, the Bimetallic Union would be supreme in the world, even if composed only of the United States and France. The thalers, which can neither be melted down nor exported, have legal currency at three marks a piece. Suppose them called in, and replaced by paper marks. The two-State Union buys all these thalers at a price to be agreed upon. They will be delivered to the Union, and it will pay for them in gold in four years, or sooner if it chooses. What will happen? The United States, having opened their mints to the free coinage of silver, being creditors of Europe, can not send thither a single ounce of that metal. Mexican dollars would, therefore, be the only silver arriving in England. Those dollars will still, as hitherto, be forwarded to Singapore, Canton, Shanghai, Yokohama, in payment for what is owed. And how will England manage to pay India, whose balance of trade is nearly always favorable? Not a silver bar being landed at London, she would be forced to ask us for the German thalers, then for the five-franc pieces and silver dollars, and to pay us a premium; that is to say, to give us more than one kilogramme of gold in return for 15½ kilogrammes of silver.

Germany herself would then be embarrassed, if she had payments to make in Asia. She has told us that her commercial relations with England oblige her to have only gold money. But have you not gold when you are bimetallic? Has not bimetallic France always had commercial relations with England? Germany, it is evident, has every interest in forming part of a Bimetallic Union with France and the United States. In that case, it would be England, England alone, who would suffer in her isolation. One could only urge her to persist in it were selfishness consulted, and if the nations who have taken the initiative of this meeting aimed at realizing a profit at the expense of other nations. But that is not the case; the idea which inspired the convoking of this Conference was an ardent desire to make the whole world profit by science and truth. This is the reason which makes

France and the United States urgently call for the participation of Great Britain in the formation of a great Bimetallic Union.

MR. SEISMIT-DODA, Delegate of Italy, remarked that the replies of the British and Indian Delegates to the request for information, which Mr. Cernuschi had announced his intention of making to them, might exercise a great influence on the ulterior stages of the discussion. It would seem expedient, therefore, for those questions to be put by Mr. Cernuschi as soon as possible, say, at the opening of the next Session.

LORD REAY, Delegate of British India, expressed a desire that the questions which Mr. Cernuschi proposed to address to the English and Indian Delegates should be in writing.

MR. CERNUSCHI replied that he would meet the wishes expressed by Mr. Seismit-Doda and Lord Reay.

COUNT KUEFSTEIN, chief Delegate of Austria-Hungary, delivered the following address:—

After the striking discourses we have heard in the course of our Sessions, it can not be my intention to take part, in a general manner, in the profound discussion which can only be carried on by masters of the subject. I merely ask leave to advert, in a few words, to what has been said respecting paper money countries in general, and Austria-Hungary in particular. My eloquent neighbor has said that these countries have the greatest interest in being represented amid this honorable assembly. I am far from denying it. We have all the highest interest, I will even go further and say, that countries with the gold metallic currency only, or with gold and silver, have a more direct and immediate interest than we have in the labors of our assembly, and in the results which we may obtain. For they are in a position immediately to accept those results, if they deem them conducive to their interests; whereas, we are held back by the financial question which, for us, governs and controls the monetary question. We are, therefore, if I may so express myself, at a stage more distant from the practical results of these discussions than countries which are so fortunate as not to be restrained by financial considerations, and which have not only the theoretical liberty, but also the practical possibility of choosing, according as their interest dictates, the gold standard or bimetallism. It is assuredly quite proper for all countries to consult their own interest on this important question,

looking to the welfare of their inhabitants, which should be the chief object of their representatives. The speeches which we have heard, the reservations which have been made, testify to the conscientiousness with which the members of this assembly accomplish their mission, and my eminent neighbor himself, in his striking speech, insisted on this point by denying the legislator's right to pass arbitrary laws, and by demanding that they should be based on the force of things; that is, the necessity of actual interests. None of us, assuredly, would venture to return home to offer for the acceptance of his country a prôposal diametrically opposed to its interests.

But what, gentlemen, is a country's true interest? Must it remain absolutely limited by its more or less extended frontiers? Or does it not largely depend on its relations with the foreigner? We are all convinced, and our presence, if it proves nothing else, proves at least that everybody has recognized this general truth, that no country can permanently remain isolated in economic matters, any more than in politics, and especially it can not so remain in reference to the question which occupies us.

The more means of communication and of exchange increase, the more will the disturbances, and even the ordinary changes which occur in a country, have an echo in other countries. It is especially, therefore, as so well urged by Mr. Seismit-Doda, a general interest of mankind which has called us together, and with that in view we enter upon an investigation of the question, how the interests of each country may be harmonized with this great interest of mankind.

Although we have not yet a practical result to record, it seems to me that we have already taken a step in that direction, for we now know the disposition of each Government, and we have ascertained the possibility of certain concessions.

We warmly desire that these may serve to call forth others, and to lead to concerted action.

Unfortunately, it is still impossible for us to take an active part, and we can not even prejudge the future in any way.

Mr. Cernuschi has remarked, that monometallist tendencies have been exhibited in Hungary. I may add, that they exist also in Austria, where several of our most important newspapers ardently advocate the cause of monometallism. Mr. Cernuschi, speaking of my last declaration, has said there was nothing to add to it. I also have nothing to add, and nothing to retract from it.

If we warmly desire the success of the generous intentions which have brought us together here, it is certainly not in a narrow interest, but in that of all the world. I am sincerely convinced that the entry of the paper money countries into the great family of countries which possess an established metallic currency, will be to the general interest of all. The transformation to be effected in Italy has, therefore, all my good wishes, not only because of the sympathy with which I wish our neighbors and friends a result which may be useful and agreeable to them, but because I think they are promoting a general interest, and I doubt not that the analogous efforts which will one day be made by Austria-Hungary and Russia will be equally attended with the sympathy of other nations, and will promote their interests.

Mr. de Thoerner very justly recognized this. Mr. T. indicated to us, with remarkable precision, the amount of precious metal which will be absorbed by those great outlets.

But, in order, gentlemen, that the white metal may be received there, we must not begin by depreciating it more and more.

Several allusions have been made to the distinction sought to be drawn between civilized nations and nations less civilized, nations at a lower stage of civilization, which might content themselves with silver. Now these 155 millions of men, who also claim to belong to civilized nations, would refuse a metal rejected by the rest of the world, and would not be satisfied with a debased currency. There would, therefore, be a risk of placing these countries under the impossibility of effecting their reform, a reform to which they are tending, but which would not be a blessing if it served only to open their doors to a metal rejected by other nations.

When this reform may be effected, is not known, and it seems to me that the question before us is too urgent to be postponed till that unhappily uncertain date. When this great market of 155 million souls is one day opened, it will certainly exert a great influence on the circulation of metallic money. But, meanwhile, what rôle is to be assigned to the milliards which will only be needed by them in an indefinable future? The question of the future must, therefore, be set aside, and we must rather keep to the practical question of the moment, which is, how silver can at once be rehabilitated.

In this direction the Delegate of Russia has made what seem to me somewhat practical proposals as to the calling in of five and ten franc gold pieces. I hope that, combined with the other pro-

posals that have been made to us, they may lead to a practical result, if not for ourselves, at least for other States. For, even if your generous efforts led to a result not affecting Austria-Hungary, we should be very glad to see it obtained by other countries, and be certain, gentlemen, we should esteem ourselves fortunate at having been able to be present at the inauguration of that work.

MR. DE THOERNER remarked that the suggestions submitted by him to the Conference at the last Session, and to which the first Delegate of Austria-Hungary had just referred, were not, strictly speaking, formal proposals. It would not appertain to the Russian Government, still compelled to make use of paper money, to take the initiative in such a matter. The Delegate of Russia had, consequently, intended to give merely simple suggestions in his personal capacity.

COUNT KUEFSTEIN replied that it was thus he had understood them.

CHEVALIER VON NIEBAUER, Delegate of Austria, desired to offer a few observations respecting a fact mentioned by the first Delegate of Austria-Hungary. It was certain that two years and a half ago the depreciation of silver at London, combined with the fall in the Vienna exchange on London, attracted such a mass of metal into the Austrian mints, that the Austro-Hungarian Government might, if it had chosen, have resumed specie payments with silver alone. This it was advised to do; but it refused, and preferred to close its mints to the free coinage of silver. The monetary circulation, in fact, as Mr. Magliani had said in Italy, could not be re-established on a basis consisting merely of silver. Gold was indispensable; but, on the other hand, it did not appear to be, as alleged by the monometallists, supplied by nature in sufficient quantity to satisfy all requirements. An able German geologist, Mr. Suess, affirmed, indeed, that the chief gold deposits were not found in mines, but in alluvia, and that the gold-bearing alluvia were very rapidly disappearing. This judgment seemed confirmed by the strong apprehensions excited in the financial world by the announcement of the issue of the Italian loan of 600 millions, two-thirds of which was to be subscribed in gold. If the prospect of the dispatch to Italy of so comparatively inconsiderable a quantity of coin now excited such fears, what would be the case when not merely Italy, but Austria-Hungary and Russia, should resume specie payments? The Delegate of Austria ap-

pealed, therefore, to the judgment of the Conference; highly competent as it was, it could not fail to recognize that no Power could either act separately, or dispense with a standard having an international value.

MR. MORET Y PRENDERGAST, Delegate of Spain, thought that at the point at which the debate had arrived, the proposal for adjournment put forward by him at the Second Session of the Conference might advantageously be revived. He asked the Conferference, therefore, to decide on adjourning after having heard the speakers whose names were still on the list as desiring to take part in the general discussion.

BARON VON THIELMANN, chief Delegate of Germany, supported the motion of the Delegate of Spain.

MR. EVARTS, chief Delegate of the United States of America, announced that the American Delegates had still some considerations to offer on the general discussion.

THE PRESIDENT remarked that at its Second Session the Conference decided to proceed not only to the general discussion, but to the discussion of the separate articles of the *Questionnaire*, and that only at the close of this debate would it be proper to decide on the proposal for adjournment made by the Delegate of Spain.

After observations submitted by Mr. Cernuschi and Mr. Denormandie, the Conference suspended any decision on the proposal for adjournment, and simply adjourned the general discussion of the *Questionnaire* to Saturday, 14th May, at half-past one.

The Session concluded at 5.30 P. M.

EXHIBITS OF THE FIFTH SESSION.

EXHIBIT A.

(Presented by Mr. DANA HORTON, page 145.)

HISTORICAL NOTE ON THE RATIO OF 15½ IN FRANCE.

At the opening of the Sixth Session of the International Monetary Conference of 1878, in pursuance of an announcement on the part of the President, Mr. Ruau presented as an Exhibit, the Declaration of Louis XVI, of 1785, by which the ratio of 15½ was the first established in France.

To not a few students of money, this fact was first made known through this announcement.

In an important work on the production of the precious metals, lately published, Professor Soetbeer, the Monetary Counselor of Germany, marks this announcement of Mr. Say as an event of importance in monetary discussion.

"It is well know," he says, "that the ratio of 15½ to 1 has been of late accounted, to a certain extent, the normal relation, inasmuch as it lies at the basis of the double standard in the countries of the franc, and, as the prices of silver have, on the average, remained close to this ratio throughout the first seven decades of our century, and in view also of the fact that the transition from the silver valuation to the gold valuation in Germany has taken place upon this basis. The French Monetary Law of 1803 has hitherto been almost invariably regarded as the starting point of this opinion. The French Minister of Finance, Léon Say, has, however, employed the occasion of the International Monetary Conference, in August, 1878, to point out, by reprinting an older French Ordinance of 30th October, 1785, that the recognition of this ratio had already taken place 18 years before. Article I of this Ordinance is as follows," etc.[1]

Although allusions to the recoinage at 15½, in 1785, may be found in

(1) From Soetbeer, Edellmetall-Production, Gotha, Perthes, 1879, page 130.

one of Gallatin's writings of 40 years ago, as well as in Chevalier's *La Monnaie*, and in one of Cernuschi's works, yet for the general reader, Dr. Soetbeer has certainly not overrated the novelty of the information presented by Mr. Say and Mr. Ruau.

In general monetary discussion, not only is French bimetallism identified with the Law of 7 *Germinal*, year XI, but 1803 is regarded as the date of the birth of the ratio of 15½.

Now, the law of 1803 has been the apple of discord over which the battle of the standards has raged in France, and as France has herself been, so to speak, the chief theater of the continental conflict on monetary subjects, which has been going on for a quarter of a century, it is not unnatural that, to the great mass, both of lookers-on and of combatants, the law of 1803 should occupy a position of commanding interest.

Did the law of 1803, by implication, ordain what the American law of 1793 did explicitly? Did it "put the standard in the two metals," or was silver the real standard and gold merely a brilliant satellite of silver?

The importance of the question, the intensity of feeling which it excited, may most aptly be suggested by the eloquent words of the first elaborate and comprehensive treatise ever written on money; I refer, of course, to Chevalier's *La Monnaie* (see pages 220 and 221, ed. 1866), in which the distinguished author, appealing to the law of 1803, vindicated the right, "inalienable, imprescriptible, absolute," of the holder of French National Bonds, to have them paid in francs of five grains of silver, nine-tenths fine, and scornfully rejected the claim of francs of gold ever to be the measure of the obligations of France.

Now, in the controversies waged over this law of 1803, one point has been accepted, namely, that in 1803, 15½ was really the rate of exchange of the metals in the market. It is safe to say that, by members of the various great Commissions instituted by the Second Empire of Napoleon, that great edifice of ambition which was to have been crowned with metric and monetary unification centering in Paris, it has not been questioned that the ratio of 15½ was not created arbitrarily, but was adopted because it was recognized as an "economic fact;" because, in the movement of the world's supply and demand for the metals respectively, 15½ was the normal point of equilibrium, so that the fixing of a ratio by French law was, in point of fact, a mere echo of "commerce;" that it was merely a ratification of the market rate of exchange between the metals as bullion, which had been fixed by commerce independently of the influence of French law itself.

It is the appearance of this idea in the addresses of Messrs. Burckhardt and Pirmez, which suggested the presentation of this Paper as an Exhibit to the Journal of the Conference of 1881; it is worth remarking, that, at the same period, a distinguished Swedish statesman, Mr. A. G.

Wallenberz, in the "London Economist," of 7th May, 1881, was making use of this same idea as a decisive argument.

Now, the monetary questions of to-day resolve themselves, on final analysis, into the assertion or denial that governmental policy sensibly affects the demand and may regulate the ratio of exchange of the metals; and it is plain that if the French legislator had chosen a ratio which was not the ratio of the market, an opportunity would have been given to study the effect upon the ratio of the metals exerted by the introduction of free bimetallic coinage, with a minimum mint-charge, in the country which held a larger stock of the precious metals than any other two of the civilized nations; while the admission that the French legal ratio was, in fact, merely transferred from the market to the statute-book, deprives controversy of the benefit of this test.

It is evident, then, that, apart from the mere question of history, a point of considerable interest in monetary doctrine is involved in this matter of the adoption of 15½.

When, therefore, the attention of the monetary public is called to the fact that the ratio of 15½ was established in 1785, not in 1803, is it not natural that the elastic faith of the monetary public should be ready to assume that what was believed to be true before should remain true; that the French legislator had not wandered from the teachings of what French thinkers maintained to be those of science, and hence, that 15½ was the market ratio in 1785, as well as in 1803? Circumstances seem to warrant this inference. The statement of the President of the Conference, on page 57 (of the Document of the Monetary Conference of 1878), clearly points in this direction, while some expressions of the learned chief Delegate of Switzerland in the Conference touch directly upon the point. The reader will find, on page 82, an allusion of Mr. Feer-Herzog to 15½ as the extremely fortunate or happy (*heureux*) ratio which France had adopted in 1875, while on page 81, the learned Delegate deliberately attacks the American ratio of 15, adopted in 1793, because it was too low, and imputes peculiar motives to Alexandor Hamilton for choosing 15, when he should, in Mr. Feer-Herzog's view, have chosen a higher ratio, presumably 15½, or something near it. (See also page 460.)

But the reader has already marked the comments of Professor Soetbeer on this point. He will observe that, after noting how the ratio of 15½ had come to be regarded as "normal" from 1800 to 1870, this pre-eminent monetary authority alludes to the event to which Mr. Say called attention as a recognition of the ratio of 15½ in 1785. Of course, if the law of 1785 was a mere "recognition," it was a recognition of an existing fact; there must have been an existing market ratio of 15½ to be recognized, and, if this be true, the faith of the monetary public in the fidelity of the law of 1803 to the market rate may be safely transferred to the law of 1785.

Now, in addition to the historical and economic interest attaching to this subject, the question thus apparently taken for granted in quarters in which tone is given to public opinion, has, in a certain sense, an international character.

The criticism of national monetary policy of the past is necessarily the school in which the monetary statesmen of to-day must learn the lessons of experience.

If the natural assumption of which I have spoken, namely, that 15½ was the market ratio in and after 1785, be correct, it is plain that the United States, in adopting the ratio of 15, in 1792, committed an error of policy only equaled by the recoinage of gold at 16 in 1834–37.

On the other hand, if the ratio of 15½ was not the ratio of the market, the policy of France becomes the subject of investigation; and if the ratio of 15 were then econonically the fit one, any thing derogatory to it is not only unjustified, but withal, is *crimen læsæ majestatis;* not merely because it was the choice of Alexander Hamilton, but also, because from a metrical point of view, 15 to 1 is, through its relation to the decimal system, the most convenient ratio which has been within reach of mankind in modern times, and hence *per se* preferable to 15½.

But not only is the character of the monetary policy of these two great States at stake, but that of England also. If, after 1785, gold stood at a price in Paris so high, as compared with the English ratio of 15.21, there was profit not only in sending gold in preference to silver to Paris, but that there was profit in importing silver from France into England, to be coined into English money, how was it that this natural movement did not take place, and this natural "course of events" was turned awry, and never claimed the name of action? How was it that not until 1798, did the rise of gold above 15.21 bring about the appearance of silver at the English mints?

In presence of queries like these, so likely to arise if the study of monetary policy be further pursued, so necessary to be solved, if the lessons of experience are to be rightly read, it seemed useful to supplement the information for which the monetary student is indebted to Messrs. Say and Ruau, concerning the declaration of 1785, by setting forth more in detail the motives and character of this important measure, and also, if possible, to present some information concerning the market ratio of the metals between 1785 and 1803.

Strange to say, this latter question, thus raised, strikes with hollow sound upon one of the empty spaces of modern monetary literature.

No one has apparently sought to collect material in order to answer the question categorically; nor, indeed, has any attempt come to my knowledge to compile any table of the rates of exchange of bullion in the market of Paris, such as Soetbeer published for Hamburg, in 1855, and such as was compiled by Mr. Ingham for London in 1830. (See pages 708 and 647 of the Document above named.) But more that this, the

French monetary literature of that early date has suffered from not unnatural neglect.

In fact, both Chevalier and Wolowski, the well-known leaders of French thought, the one in his *La Monnaie*, the other in his *L'Or et l'Argent*, would seem to date the important scientific activity of France from 1803, and to treat what preceded 1803, merely as a preparation for, and purely in reference to, the law of 1803. And, strange to say, both of them mark the beginning of this preparation with a great speech of Mirabeau of of December, 1790.

In view of these facts, it has appeared to me useful that I should communicate to the public the results of some researches I have been able to make in the monetary history of France, I have been enabled, by means of these researches, to bring to bare upon the questions here stated, the contributions to monetary discussions of certain contemporary writers, of whom monetary literature does not seem to have taken account. In seeking what was the motive, what the result, of the recoinage of the gold coins ordained by the declaration of 1785, I found full information in the "Requête au Roi," published in 1787, by Mr. de Calonne, the responsible author of that measure. This melting down of gold pieces coined at $14\frac{5}{8}$, and recoining them at $15\frac{1}{2}$, formed a most important episode in the career of the Finance Minister of Louis XVI, which had exile for its close. Formally accused before the Court at Paris, by the Prosecutor-General, of the peculation in connection with the recoinage of the gold coin, and with the management of the finances in general, Calonne published at London a brilliant defense of the measure, worthy of the able and accomplished statesman of the old régime; long extracts of which I have had the pleasure of presenting to the English reader in the document above mentioned.

So far as the adoption of the ratio of $15\frac{1}{2}$ is concerned, I can state the outcome of the matter in a few words. What seems to have determined Calonne to adopt $15\frac{1}{2}$, was the fact that Spain and Portugal had the legal ratio of 16, and that there was, therefore, a probability that in the future gold would rise in value. As for the market price, he admits it was only 15.08—15.12 in 1785. At the same time, according to Calonne, this raising of the legal rating of gold which he had decreed, brought a profit of 7,255,216 livres to the King's purse, and a profit of 21,600,000 livres to the holders of old *louis d'ors*.

Naturally enough, there was no lack of criticism of such an alteration of the coin of the realm.

In a report made to the National Assembly of 1790, on the part of the Committee on Money, there is a severe attack upon Calonne's policy, a reproduction of a paper written in 1785, by a member of the Committee. MM. Bontin, Fargès, Valdeck de Lessart, de Fortbonnais, Desrotours, Dorigny, De la Châtre, Sylvestres de Sacy, Cressart, Tillet, De Borda, Lavoisier, Tournachon, Gresling, Oudart, Gillet, and Solignac were

members of the Committee. Their Report is a profound discussion of the subject, and makes a volume. It was presented to the National Assembly by Mr. de Cussy.

The ideas of Mr. De Fortbonnais and Mr. Desrotours seem to have prevailed in the Report; its conclusions being the silver standard, with an authorized circulation of gold coins, at the rate of 14⅞, and the abolition of all *retenu* or *seigniorage;* that is to say, the introduction of the English system of gratuitous coinage.

The importance and the interest of this document, which seems to have been completely ignored in monetary literature, has suggested to me the question whether this fact is not another testimonial to the fatal eloquence of Mirabeau, who crushed this Report by his great speech of 1790, of which we have already spoken.

The opinion of the Committee of 1790, which gave it 14⅞ as the ratio of the two metals in the market, supports the figures given by Dr. Soetbeer for the Hamburg market. In fact, Dr. Soetbeer's tables indicate an average rate for the 50 preceding years, 1740–1790, of the 14.74, which is almost identical with the 14⅞, recommended by the Committee of 1790. It is evident, then, that Hamilton was perfectly right, in 1791, in establishing the ratio of 15, and that the French Legislator, far from "recognizing" the existence of the ratio of 15½ in 1785, created it at one stroke *ab ovo.*

The events of the French Revolution are so well known, that I may dispense with examining here the condition of the coinage and of the ratio between gold and silver in the period that followed, 1790–1802.

It was by the law of the year XI, of the French Republic (1803), that the principles of freedom of coinage of the two metals, at 15½ to 1, was definitely established, and it was, therefore, in 1803, that the working of the bimetallic system, such as it is known in the 19th century, began in France. We have, then, simply to inquire what was the market rate in 1803, the year of the discussion, and the adoption of the present bimetallic system in France.

It is in the Report of the Consuls, of Gaudin, the Finance Minister under whose auspices the law was passed, that I have been enabled to discover the admission that 15½ was the proportion, not of the market, but of the law.

Gaudin presents, as a quotation, in his report, a long series of observations, made, he says, by one who thoroughly understood the subject, the object of which was to secure the adoption of the ratio of 15. The person thus quoted declares that for a long period, the ratio has been below 15. The decisive point, however, with Gaudin, was, that to change the *status quo*, by the adoption of 15, would occasion great losses to the holders of gold coins, and that there was no sufficient reason for so important a change.

Gaudin's report is, therefore, the compete justification of the ratio of

15 chosen by Hamilton, and condemns, as being absolutely false, the alleged economic facts we have mentioned, namely, "that the legislator of 1803, in adopting the ratio of 15½, did not more than sanction what the natural course of events had established."

I should add here, that, after having announced to the Conference the presentation of the above Exhibit, it came to my knowledge that the latter point had been presented to the public 20 years ago by Mr. Alphonse Allard, of Brussels, in his pamphlet, "L'Or, l'Argent et le Commerce Belgo." (Bruxelles, 1861.) It was in a speech of Mr. Le Breton, pronounced in a Session of the Tribunate (*Moniteur Francais*, 3 *Germinal, An XI*), that Mr. Allard found the assertion, that the price of the market at that date was 14.90.

It is, perhaps, worth while to note here certain observations which might naturally be made concerning the figures given by Gaudin and by Le Breton for the market rate of the metals. At London, as we have already noted, the price of gold rose above 15.21, in 1798, while for Hamburg, Soetbeer gives for the period immediately preceding 1803, an average of about 15 40, while, for 1802, he gives the rate of 15.26. Evidently we have here the well-known phenomenon of "local prices."

It remains to observe a fact connected with the relation of the French legal ratio to the market price of the metals, which is often curiously ignored.

Freedom of coinage, at the rate of 15½ to 1, under the French law, did not tend naturally to fix the rating of the two metals in commerce at 15½. In commerce, the cost of coinage is always to be considered; and the mint-charge in France has always been greater for silver than for gold, reckoning by the value. The rate was originally fixed, in 1803, at 3 francs the kilogram for silver, and 9 francs the kilo for gold. The true rate, then, at which the metals were received at the mint, or what I have called the "mint-ratio," was 15.69 : 1. In 1835, the charge was reduced to 2 francs the kilo for silver, and 6 francs for gold, and the mint-ratio became 15.626 : 1. In 1854, the charge for silver was reduced to 1*fr.* 50*c.*, and the mint-ratio became 15 586 : 1. In 1854, the charge for gold was reduced to its present rate, 6*frs.* 70*c.* the kilo, and the mint-ratio remains a 15.573 : 1, or rather would so stand, if any silver were coined.

EXHIBIT B.

(Presented by Mr. DANA HORTON, page 145.)

NOTE ON THE POSITION OF LAW IN THE DOCTRINE OF MONEY.[1]

The true theory of the relation which, in my view, exists between Money and Law, has not yet, I believe, been promulgated, so to speak, *ex cathedra;* it has not yet found its way into manuals of political economy through which the youth are taught, and the greater part of the monetary "powers that be" have not yet consciously framed their political actions in obedience to its teachings.

This view is, in fact, excluded from credence by the doctrines which originally supplied motive for the most striking monetary movement of modern times; the still unabandoned persecution of silver by the civilized nations.

I. *Gold and silver*, say the leaders of this movement, *are commodities, and they are nothing else.*

II. *Like iron, like wheat, they belong to commerce, not to legislation.*

III. *The stamp of the mint upon the disc of metal is a mere certificate of its weight and fineness.*

IV. *The great law of supply and demand, which regulates the movements and the value of the precious metals, pays no heed to the arbitrary commands of legislatures and of courts.*

The learned reader will recognize these as admitted household truths of the magistral economic science of the day.

The acute reader will observe that with proper interpretation, these postulates are capable of establishing in the field of practical policy that monometallism can do no harm, and that bimetallism can do no good, and that the choice of a money-unit is strictly analogous, to the choice of a unit of weight or of measure. (If proof were needed here, I could most conveniently refer to the expressions of some of the acute and learned European Delegates at the Conference in earlier pages of this volume.) The field is thus, of course, left clear that gold, the lighter, the nobler metal, may draw mankind onward in the path of simplicity, unity, brotherhood, by becoming, as universal and sole money, the brightest

(1) Extract from "Contributions to the Study of Monetary Policy," in the Document of the Monetary Conference of 1878 (Washington, 1879), page 741. Translated by Professor Emile De Laveleye, under the title of "La Monnaie et la Loi."

jewel of that crowning glory of the world's future progress, a metric system embracing the entire globe.

And in favor of these postulates, and of the conclusions they justified, and of the hopes they inspired, it has long been possible to cite the practice of England, the policy of Germany, and the aspirations of France.

On the other hand, the late monetary action of the Government of the United States, not in coining the new silver dollar, be it understood, but in limiting the coinage and in calling the Monetary Conference of 1878, while it was the announcement of a policy of practical opposition to that which prevails in Europe, was also in the field of science, if rightly understood, a Declaration of Independence from the scientific errors of the anti-silver theories.

By the law of 28th February, 1878, the United States became a teacher of reformed monetary doctrine.

The United States proposed to Europe concurrent coinage of silver and gold at one ratio, with a view to their concurrent use in the countries of the proposed union, and the comparative steadiness of their relation to each other every-where; and to do this was equivalent to an assertion by the United States, with that far-resounding utterance of which none but a great nation is master, that human law is a factor in the movement, and of the value, of the precious metals.

It is impossible to exaggerate the importance of the international questions to which the world's attention has thus been directed. The material interests of mankind are still hanging upon the issue of this controversy of the nations upon a question of fact. All science agrees that steadiness in value is the test of good money, and every one knows that "confidence is the life of business." If national laws be an important factor of demand or of supply of the metals, and hence a factor of their value, the monetary structure of the world, the entire economic organism in many countries, has been and must remain at the mercy of ill-advised legislation even in the few; while in the practical problem now at issue, it must be recognized that the persecution of silver being an attack against the steadiness of purchasing power, of the world's money, both silver and gold; a disturbance of the world's valuations; a paralyzing blow at the world's production and exchange; from which mankind may still suffer for years to come as it has in the past, the remedy for a great part of the general evils under which the business world now suffers, is to be found alone in concurrent monetary legislation, either in a new balance of power or in international union; if this be the teaching of scientific truth, and if the hitherto recognized interpreters of science have failed to enforce it, it is plain that "science" is in crying need of renovation. In any event, the question has been raised, and the brain and heart of the thinker should be called into fullest activity, that the contest be at least decided as soon as possible.

If, therefore, an aggressive statement on my part can contribute to

provoke from an opponent a successful refutation of these views, I shall still, though shown to be in error, have humbly served the cause of truth, and I shall rejoice if a list of materials[1] of knowledge shall have afforded to my further-seeing adversary any additional means of accomplishing this end.

In my own ascertainment of the necessity of a reformation of monetary science (so at least I regarded it), by according to private law, and to statute, a position in the doctrine of money analogous to the place which I have assigned to it, in a list of books, an analysis of what the best minds had been able to advance as the argument for the gold standard, long ago led me to seek to formulate for myself ("Silver and Gold," Cincinnati, 1876), with some precision, the logical foundation of their doctrine. It was thus that I was led to discover, as I believe, the remote origin of this theory as to demand and supply of, or causation of the value of the precious metals. This theory of the partisan of gold and persecutor of silver, seemed to me to connect itself directly with a most ancient root of opinion, whose familiar fruitfulness in fallacy well accounted for the peculiar vigor of this redoubtable offshoot.

I refer "to the Law of Nature, or Natural Law."

Time forbids my attempting to sketch the history of this theory; suffice it that the thoughtful student, whether of morals or of religion, of politics or of law, will recognize it as a time-honored and ever-fertile mother of the false as well as of the true.

What share of fact is there, then, I ask, in the underlying substratum and foundation of this theory of the partisans of gold and persecutors of silver, in this assumed antithesis, this supposed mutual exclusiveness of jurisdiction between *edict, decree, legislation, law, the arbitrary and official command of the State*, on the one side, and *nature, natural laws, the needs of commerce, the wants of trade, the natural course of events, so far as money is concerned?*

Contrast there is, of course, and ever will be.

But to what extent are the precious metals, and coin made of them, subjected to the influence of these great forces, respectively? What is this "natural" state of affairs to which points this theory of the partisan of gold and the persecutor of silver?

Obedient to this hint, I followed money to its state of nature, to an imagined origin of civil society. Civil society, I saw, implied the growing recognition of obligations, and an inchoate but progressive enforcement of them. These obligations implied constraint of the free-will of the individual by the free-will of the community, or of its appointed ruler; and hence, as compared with previous conditions of its constituent parts, society itself meant something artificial, arbitrary, official; and the contrast could only be, in important respects, heightened as time went

(1) This paper appears in the Document of the Conference of 1878, as a note to a Bibliography of Money.

on, for while the individual was born and died, society did not suffer death, and its corporate existence, through its perpetuation, gathered accumulation of authority.

What was the position of money in this change? Was it not, I asked, a constituent factor in the evolution of society?

These obligations of which I have spoken, this differentiation of functions involved a division of labor, and compensations must be made by one part of society to another, and notably to the governor by the governed.

And what is this but saying that tribute and taxes are indispensable to civil society?

Again, without sanction of some sort, the obligations of law are ineffective. Of what avail this moral growth, this recognition and creation of obligations, this sense of the right to enforce them, if there be no means of enforcement, no power to compel to submission the individual who is insubordinate to the collective will? Hence, the command of obedience to the law must be supplemented by adequate means, either of prevention or of punishment. In fine, a penalty must be imposed for transgression. In many cases, this penalty, being proportioned to the offense, must be, not loss of life or mutilation of limb, not loss of liberty nor of privilege, but a simple transfer of property to the injured party, or to the State. So, again, in matters not criminal in their nature, when specific performance of obligation, refusal by the recalcitrant party, can not be conveniently enforced by the State, the injured party must be made whole by a transfer to him of the property of the other.

It is obvious, then, that if the origin of society implies an attempt at the administration of justice, it also implies fines and damages.

And what is the substance, the material of tribute and fine, of taxes and damages? Evidently, whatever it is, it must be money.

The power which demands them must say in what commodity the command can be lawfully satisfied, and whatever use there may be of payment "in kind," yet the institution of money is in existence. Cattle or shells, salt or silver, something has become, for the occasion, *lawful money* and *legal tender*.

Commerce, be it not forgotten, has been contemporaneously present in the evolution of society, and commerce has created a medium of exchange out of something generally acceptable as an equivalent. The individual has obeyed his needs, and he, as well as society, has made use of a money. Nay, the individual and the State, the convenience of both conspiring to that end, have used the same commodity as money. The merchandise which serves as income and expenditure of the State, and the enforced transfer of which gives law its sanction, has also supplied to the individual that "third thing to be compared with others," that "measure" which, in facilitating exchange and the division of labor, furthers civilization.

The money of commerce, therefore, and the money of the State are materially one; but the origin of this unique product is twofold. It is referable to distinct though correlated causes. In demand for a money the total free-will of man has, so to speak, divided itself into two channels of volition. The necessities of Government, in which is incorporated a part of the free-will of man, conspires with the needs of the individual who makes exchanges with his fellows in the creation and in the maintenance by all the force of private law of the institution of money.

So, in later stages of development, the existence of a form of capital which can be most easily transported in space and preserved in time, finds its support in that activity of the law to which interest, fungibility, negotiability, are to be referred. In the lore of possession and of property, that debatable ground both of practice and of legal doctrine, money acquires a standing entirely different from that of ordinary movable commodities, and a loan of money becomes different, in the eye of the law, from the loan of other commodities, while the right of drawing interest, as now recognized, is the product of a slow evolution of legal rights.

Such, then, seemed to me, in brief, the nature of the institution of money. It is this phase of coin which is neglected in the postulate first mentioned.

Now, this institution of money evidently necessitates, in each nation, the selection of some particular commodity to be used as money by its members, and the initiative and control of this selection is in the centralized power of the State.

We see here the power of legislation in the narrower sense of the word.

In every nation, arising from the mere fact of its organized existence, there is a universal and persistent need to employ something not merely as a medium of exchange, but as the legal instrument of valuation and legal means of payment, as lawful money and legal tender. It is legislation which directs this universal and persistent force upon this or upon that commodity, and in marshaling the force of human self-interest upon its side, it provides effective means for the execution of its edicts. It thus affects the demand for the commodity selected, and if this be so, the second and fourth postulates of the partisan of gold are shown to be erroneous. In modern days, this initiative and control is peculiarly the province of the State. Centralization has grasped the reins of money. The great modern movements in extension of what we call the "credit system" are an indefinite expansion of these very obligations over which, by fixing means of their fulfillment, the legislature and the court inevitably hold jurisdiction.

But it may be supposed—and great minds have naïvely sanctioned this error—that there is no range of choice for the legislator in the selection of money; that he is powerless in the hands of commerce; so that his functions are merely ministerial, and his efficient influence *nil*.

Let us examine, in this connection, the third postulate : *The stamp of the mint is merely an official certificate of weight and fineness.*

Is this true? Is not the stamp of the mint far more?

By that stamp, bullion, which before was only potential money, a part of the physical basis of the world's great institution of money, has become actual money in the State which coins it. Through that stamp, the piece of metal has become a means of payment, at schedule rates, of all obligations enforcible within the borders of that State. Through that stamp, the commodity bullion, has become the commodity money.

Now, in itself, this formula, this "official certificate of weight and fineness," does not explain the nature of the commodity bullion. It does not explain the nature of the commodity money. Nor does it indicate the reasons why this stamp works the transition from one to the other.

Evidently, then, this, "official certificate of weight and fineness," to which most economists try to limit the activity of the legislator, is essential in the doctrine of money, just as in war the clothing, the uniform of the soldier, the title of the officer, are really matters of first importance.

An army naked and without organization, is evidently as little to be thought of as money without mints.

But, at the same time, to dignify this matter of the "stamp of the mint and official certificate" to the position of being an exhaustive formula of monetary science, is it not as if we would gravely assert in ponderous volumes, that campaigns are matters of epaulets, and that the fate of nations depends upon gold braid and striped pantaloons?

On the other hand, if this dictum, instead of being presented as an exhaustive formula of science, assume the more modest rôle of a simple rule of the art of money, a maxim of monetary policy, it entirely justifies itself. If we say merely, "the stamp of the mint *ought to be* an official certificate of weight and fineness," which is as if one should say, "that which is called a dollar, *ought to be* worth a dollar in the market," we find ourselves in possession of a sound and solid guide to action.

It is as if one should say, in speaking of the art of war, "armies should be clothed in uniform, and be commanded by officers of varied grades of command."

What can be more true and yet more innocent of scientific importance?

But if the interpreters of science have rejected the maxim of policy, and cling to the formula of science, it is evident that we are more advanced in the art of war than in the doctrine of money, the great art of peace.

In this connection, I may mention another dictum which rejoices in the undiscriminating support of some distinguished men. "It is impossible to establish an unalterable ratio between the two metals." A dispassionate consideration will, I think, show that this dictum is likewise true to a slight extent, and untrue to a very great extent. And this

modicum of truth, like the skin of the Dead Sea Apple, is on the outside, and intercepting the glance, deceives the unwary eye. Does not this dictum stand, in fact, upon the same level with the doctrine "it is impossible for a man to draw a line absolutely straight;" or is it not, in truth, parallel with the denial of the possibility that the world can show two things which are exactly alike?

Undoubtedly, if the civilized nations were to join in coinage of both metals at one ratio, a small proportion of the total of exchanges of the metals might still be made at a different ratio. Human free-will is not likely to abdicate its privileges in favor of a Coinage Treaty. Of course, a single exchange made any where in the world, at a ratio above or below that fixed by the supposed Treaty of Christendom, would make the desired break in the uniformity. When the strain is from one end to the other, the strength of a chain is that of its weakest link. Of course, no matter where the break is in the line, if there be a break, the line is not absolutely straight. If two objects be, in ever so slight degree, dissimilar, their identity disappears. So it is true that it is impossible to establish in permanence and universally a fixed ratio between the metals, as it is true that no one can draw a line absolutely straight or show two things that are exactly alike.

But, at the same time, this so-called "impossibility" of a fixed ratio between the two metals is as unworthy to support a statesman in denying the possibility or desirability of a successful establishment of a fixed ratio, as the impossibility of making any thing straight, or of making two things alike, is unworthy to prevent the construction of machinery and works of engineering. Machinery and engineering works all demand, for their perfection, straight lines and identity between different parts. At the same time, substantial straightness, substantial identity, will suffice. In practice, the infinitely small can be neglected by the engineer and mechanician; why not by the statesman, why not by the economist?

Returning now to our question, we ask, What are the facts in this matter of the legislator's choice of material of money. Leaving copper out of account, to-day there are various weights of gold and various weights of silver. Can not the legislator fix the weight of coin as he will?

Again, there are the two metals taken together under a variety of conditions, and they can be taken at any one of a variety of ratios to each other.

And the protean forms of credit, metallic tokens and paper money, are also constantly at hand.

The history of our century is full of legislative acts of selection of these kinds.

A consideration of facts comparatively familiar will plainly show that if in one nation the monetary legislator has avoided the Scylla of paper money, and with a single metal sails past the Charybdis of a ratio, yet he

is still at sea; he must either select afresh, or he must maintain some fixed weight of that single metal as the legitimate successor of that national unit of valuation which the past has transmitted to his care. And that unit of valuation must be saved from the shipwreck of great fluctuation in its purchasing power. If the single metal fails to support that unit steadily, the legislator must be ready to change his course, and to hoist what sail of law is needed (whether it be an Act of Suspension of Cash Payments, or of the "Bank Act," or a new Act of Coinage or of Legal Tender), if only he can keep free of the breakers. It must also be clearly remembered that for the monetary legislator there is no port of refuge absolutely safe. Money is only by courtesy a part of a metric system; it is folly to forget, as the monetary metrologist is constantly doing, that there is no real "standard of value;" the safest of all safe footing for the monetary legislator is at best but an instrument of valuation that contracts and expands under the action of demand and supply, and it is as true of the monetary legislator as of the mariner that constant vigilance is the price of safety. And the safety of the money interests of commerce lies in keeping money under the constant protection of wise laws.

Such, then, are in brief the grounds upon which I have felt it necessary in presenting a list of modern publications concerning money, to warn the student against error by vindicating to the jurist and to the statesman a jurisdiction in the doctrine of money by the side of that of the professed economist.

It remains, however, to anticipate a reply which will naturally occur to one who has pinned his faith upon the postulates which I seek to refute. I desire to say clearly, therefore, that the position here ascribed to law in the learning of money in no sense demands the exclusion of a single one of the other elements of this learning which I seek to set forth in this list. The entire tide of human action, the entire material of which political and economic science treat, have, of course, been elements of the conflict of forces of which the monetary status at any given time, is the outcome. The position of law is merely that of the seeing eye, the guiding hand, the will directed, specially, to the maintenance of money.

Law alone has acted with constant and effective force in one general direction to this end.

Amid a wilderness of conditions the law has been a cause.

In a state of quiescence one may remain ignorant of the persistent force of monetary law; just as one can remain unconscious of the force of gravitation. But the force is there, and the maxim, ignorance of the law excuses no one, is also in force in both cases. The innocence with which one may slip from a precipice or stand in the way of an avalanche is no preservative against death from such attempts to ignore the force of gravitation. And, like gravitation, the power of law can be effective, although, its activity be not apparent. It can be active by what, from a

partial point of view, would seem merely passive, negative, mere acts of omission.

It is strange to what an extent some thinkers have been blinded to the truth; as if a statute, any more than a granite bowlder, could lose its weight by lying still!

An illustration close at hand will perhaps clear up this contrast between conditions and a cause. A quarter of a century ago, when Australian and Californian gold, added to the outflow of Siberia, threatened to bear down to permanent depreciation the entire stock of the world's money, France and England were called upon by certain thinkers to demonetize gold. It could have been done. English and French statutes had as much power to outlaw gold in England and in France, as had the statutes of Holland and the statutes of Belgium to exclude it from legal tender in those States. Parliament and Emperor could have passed the statutes had they desired it. They refused to do it. The older statutes remained in force. They maintained gold in its monetary privileges, and they saved gold. But for statutes, to be read in the books which I have cited, gold would have been where silver is to-day.

And yet, as I have said, merely because the statutes had been in force for a long time, it is not uncommon to hear that in the presence of the gold discoveries, law was powerless!

Of course, it should be understood that while law remained a cause, there was a change of monetary conditions; the discovery of the gold fields and their colonization, like these laws which maintained gold, were also acts, and of course they can not be left out of account, but there was in them no centralized power molding the institution of money to definite ends. Add to the secrets of the earth the nature of man, with his adventurous spirit of gain, and Australia and California are accounted for. Swarms of men sought to profit in exhuming the yellow metal from untrodden fields. But would they have sought it as they did if the yellow metal had not been money. In any event, the monetary policy of the world remained in the hands of its laws.

I may, in conclusion, glance at a truth which has been permitted to assume in the eyes of thinkers proportions so exaggerated as to obscure other truths more important. Monetary laws have been passed by great States and yet have shown themselves powerless. Upon the statute books of England, of France, of the United States, are monetary laws which have, for a generation at a time, remained, to a large extent, a dead letter.

What bearing has this fact upon the position of law in the doctrine of money? To this I answer, that these facts are entirely in accord with the doctrine I have stated. This point is the favorite stumbling-block of the two extremes in this great controversy concerning the nature of money; the orthodox "free trader" in monetary science, who knows no law but that of "commerce," on one side, and on the other the "fiat

money man," who sees nothing in money but a "sign of the will of the Czar."[1]

In matters of money, as elsewhere, the strong rules the weak,

An enactment that conflicts with the habits and interests of the citizen is not as successful as one which enlists these habits and interests on its side. In like manner, an enactment of one nation which is in conflict with the remainder of its laws, or which is in opposition to the stronger laws of other nations, will naturally fail to attain its avowed purpose. Its avowed purpose, or the purpose imputed to it, is, in a word, not the test of its power. The question whether this or that enactment will exert a certain influence upon the demand or supply of money is not, as the two extremists would suppose, a question of phraseology, but a question of fact. For example, the laws of legal tender a few years ago made the gold dollar a legal tender at par with greenbacks in New York, and the greenback dollar a legal tender at par with gold in San Francisco. In New York it was the greenback and not the gold dollar, while in California it was the gold dollar and not the greenback which circulated. And yet, this fact is not derogatory to the views I have stated.

But, in answering the inquiry, what is the wisest coinage policy for the United States, I can, perhaps, even more forcibly illustrate the sincerity of the views here stated. Since the silver question came to the foreground, in 1876, I have endeavored to point out not merely the unwisdom, but the danger, of coining any silver at all in the United States; and I did this in the interest of bimetallic union.

Free coinage here, while Europe rejected silver, would mean silver monometallism in time, and a temporary success for gold monometallism in Europe; and to create a demand for silver here was, in fact, to delay that process of education by which Europe was prepared to profit, unless we should relieve her for a time of the necessity of study.

A law for restoration of silver on a par with gold in our coinage, while it would be nominally bimetallic legislation, would thus only further the ends of monometallism, while the true policy for the time was to remain monometallic in practice, coining only gold, but to become bimetallic in precept, exerting a vigorous and aggressive influence to convince Europe by argument, as well as by the logic of domestic disaster, that, for her own interest, her wisest course was to join the United States in the formation of a vast bimetallic union, thus restoring to silver the position to which nature, history, and the needs of the whole world entitle it.

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(1) In a paper on "Extremes of Opinion on the Causation of the Value of Money, or the *Laissez faire* Theory and Iwan Possoschkow," printed in an Appendix to "Silver and Gold," 1877, I have tried fully to set forth this contrast (See Exhibit F, 12th Session page 496.)

EXHIBIT C.

(Presented by MR. CERNUSCHI, page 159.)

MEMORANDUM OF MR. R. B. CHAPMAN, OF THE FINANCIAL DEPARTMENT OF THE GOVERNMENT OF INDIA, ON AN INTERNATIONAL BI-METALLIC STANDARD MEASURE OF VALUE.

1. The Honorable the Financial Member has invited me to place on record the views which have, after long study, been forced upon me by an ever present sense of the danger, to which, not only the finances, but all the domestic interests of British India are exposed, so long as the chief national standards of value are in their present isolated and unprotected condition.

2. The importance of this matter is indeed such that it can seldom be absent from the minds of any one engaged in the financial administration of British India. The question does not, just now, assume so urgent an aspect as it has sometimes done, and as it may do again any day; but, in some respects, this makes the occasion only the more suitable for its discussion.

3. *Distinction between a standard and an instrument of exchange.*—In dealing with this subject, it is necessary to bear clearly in mind the distinction between the use of any substance as a standard measure of value and its use as money, that is to say, as an instrument for the transfer of value measured by such a standard. Money may be represented by various instruments possessed of no intrinsic value; and value is, for the most part, actually transferred by means of such representative instruments as bank or currency notes, bills and checks, or, even, without the intervention of such instruments at all, by entries in bankers' books, and at clearing houses. All such devices are independent of the standard measure of value itself, which is, by the hypothesis, fixed, and can only be altered by legislation.

4. *Distinction between substantive and representative money.*—It is also important to distinguish clearly between money proper, which must be made of the substance of the standard itself, and the various devices employed for representing money. Money proper of the substance of the standard, alone possesses an original, inherent, and intrinsic legal-tender force, *vis liberatrix*, or, as the French call it, *force libératoire*. The various representative expedients have only a derivative *vis liberatrix* possessed in

virtue, not of any inherent quality of their own, but solely of their convertibility into money proper. Hence, money proper is alone capable of permanently storing value, and of transporting it from one place to another. Bills of exchange can not do this; they only set off value existing in one place against value existing in another place.

5. *Value of material of standard. Object of a standard and of money.*—A sufficiently general and permanent adoption of any substance as a standard measure of value, by insuring its employment as money, and also for hoarding, greatly enhances its value; but any confusion between the objects and attributes of a standard measure of value and the objects and attributes of money, whether real or representative, must involve the erroneous treatment of any problem regarding such matters. The object of a standard measure of value is to regulate all contracts subject to the standard, expressed in money; money, and the various devices representing money, are only the instruments by which value is hoarded, transported, or exchanged, according to the standard.

6. *Instability of existing standards.*—Every civilized nation, at present, uses for its standard measure of value either silver or gold, or some combination of these two metals; and, as the value of these metals themselves depends, immediately, almost wholly upon their employment as standard measures of value, and, therefore, as money, the substitution of one for the other, by any important community, inevitably enhances the value of the adopted metal at the expense of that of the rejected metal, and thus, by a double effect, disturbs the relations between the two metals. Moreover, apprehensions that such a substitution by one community may lead to similar substitutions by other communities, are likely to intensify its opposite effects upon both metals.

7. *Causes of their recent disturbance.*—There is not, now, it is believed, any doubt (1) that the long-standing equilibrium between gold and silver continued till 1873, generally, because, while it prevailed, no considerable change took place, throughout the world, in the several national standards of value, and, specially, because the French Monetary Law of 1803 provided for the constant optional interchange of the two metals at a fixed ratio; or (2) that the disturbance of that equilibrium since 1873 is the consequence of the substitution of gold for silver as the standard measure of value in Germany, followed by the closure of the Mints of the Latin Convention to the less valuable metal, and the withdrawal of the optional interchange of the two metals heretofore allowed within the jurisdiction of that Convention.

8. *Conclusions, in* 1876, *that the value of gold, and even silver, had risen.*—Appended to the Resolution of the Government of India in the Financial Department, No. 3044, dated 22d September, 1876, are statistics of the course of wholesale prices of certain typical commodities measured in gold and silver, before and after the disturbance of the equilibrium of gold and silver in 1873. In the 19th paragraph of that Resolution, the

Government of India stated that those prices indicated that gold had, till then, risen in value since the equilibrium of the precious metals had been disturbed; and that there was, at that time, no evidence that silver had fallen in value, either in India or even in London.

9. *Subsequent phenomena*—In an Appendix to the present Note, the process and values of the commodities then quoted for April, 1876, are compared with their corresponding prices, and value in December, 1879, being the latest figures at hand for both India and Great Britain. There has been a reaction in some of the prices quoted in India, which appears to be chiefly due to the recent unfavorable seasons; but in only nine[1] of the eighteen examples quoted are the values of commodities measured in silver, even now, higher than they were in March, 1873. It is unnecessary to examine these phenomena further in detail, because little could be added to Mr. Robert Giffen's able analysis of wider facts of the same character, in his paper read before the Statistical Society, on the 21st January, 1879, and printed at page 36 of the Society's journal for that year. Since that date, however, there has been a decided rise in prices; in other words, a decided fall in the value of both metals.

10. *Confirm the conclusion of* 1876.—There appears to be no room now to doubt the correctness of the conclusion which the Government of India announced more than three years ago, or, that it is still true that the value of gold has rather risen than fallen since 1873, and that, contrary to general expectation and popular belief, the value of silver has also risen, and has not, even yet, fallen; in short, that of the five possible causes, to one or other of which the Government of India said, in the 6th paragraph of the Resolution of September, 1876, that the disturbance of the equilibrium of the precious metals must be due, the first is, as yet, still the actual cause, namely, while the value of both metals has risen, the value of gold has risen more than that of silver.

11. *This conclusion is confined to the facts apart from their causes.*—This conclusion is one of fact only. It would indeed be folly to base any action upon such facts without first forming a judgment upon the influences which have produced them, in order to an opinion especially whether these influences are permanent or only temporary. But it is essential to a profitable and practical discussion of the present problem, not to confound the comparatively simple question whether the value of the precious metals has or has not risen or fallen, with the complex question what influences may have produced either result. Regarding these influences, there are likely to be almost as many opinions as there are men; and an answer to the question whether they will operate permanently or only temporarily may be difficult, and can never be more than a mere opinion. But an answer to the question whether, as a matter of fact,

(1) In England—Beef, sugar, and saltpetre: and in India—Spelter, hides, jute, linseed, and wheat.

prices have, on the whole, risen or fallen, in other words, whether the value of gold and silver has increased or decreased, is comparatively easy; and it is only with the facts, and their consequences, that we are, in the first instance, concerned.

12. *Fall of value of one commodity implies rise of that of its correlative.*—It is strange that such phenomena should be frequently discussed, even by experts, as if an increase in the value of any commodity relatively to the rest of commodities as a whole, could be attributed to a fall in the value of the body of commodities to the exclusion of the conception of a rise in the value of the excepted commodity. It is surely as inconceivable that the value of one commodity should decrease relatively to that of another without a correlative increase in the value of the commodity compared, as that one scale of the balances should fall without the other rising.

13. *Values of silver and gold still higher than in* 1873, *but future of silver still doubtful.*—Whatever, then, be the influences which have produced the present phenomena, and whether these phenomena may be expected to endure or not, it seems impossible, in the meanwhile, to dispute that the general range of both gold and silver prices are still lower, in other words, that the values of both those metals are still higher than they were in 1873.

At the same time, as it is impossible to foresee the extent to which pressure may be further transferred from silver to gold, no one can feel at all confident that silver will keep the value it has hitherto maintained, or even that fresh events, such, for example, as the final demonetization of silver by France, may not, as pointed out by the Government of India, in paragraphs 36 to 38 of its Dispatch No. 868, dated 13th October, 1876, make the retention by any civilized State, of silver as its standard measure of value difficult, if not impossible.

14. *Loss to India from enhancement of her fixed gold obligations, about* 2½ *crores of rupees a year.*—It seems clear, then, that the loss to British India consequent upon the phenomena under discussion is to be attributed, as yet specifically, to the rise in the value of gold, and the concomitant enhancement of the obligations of British India fixed by the gold standard. The amount entered under the adjusting head loss by exchange, in accordance with the present system of the Indian Finance and Revenue Accounts, is not the measure of that enhancement which can not be ascertained by a comparison with the conventional par of *Re.* 1=2*s*., and must be reckoned only upon the fixed portions of the disbursements from the Home Treasury. Thus calculated, this enhancement does not, probably, as yet, exceed 2½ crores of rupees[1] a year, which

(1) This estimate is thus made:

Net yearly obligations of the Home Treasury Fund fixed in sterling, about	£111,750,000
Equals, with silver at—	
50*d.* an oz. (exchange about 1*s.* 7*d.*)	*Rs.* 14,66,00,000
60*d.* an oz. (exchange about 1*s.* 11*d.*)	*Rs.* 12,22,00,000
Loss, upon the assumption that the fall in the exchange is due, exclusively, to a rise in the value of gold,	*Rs.* 2,44,00,000

sum may be taken as a full estimate of the loss to British India from the disturbance of the equilibrium of the precious metals which existed in 1873.

15. *Considerations affecting this estimate.*—But it must be remembered, on the one hand, that this estimate is confined to the consequences of the increase of the value of gold in excess of the increase in the value of silver, and does not include the loss due to the rise which is common to both metals; and, on the other hand, that, although owing to metals being linked together through the French Monetary Law, there was no disturbance of their relative values, and so the fact received comparatively little practical recognition, yet there is no doubt that in consequence of the gold discoveries in California (1848) and Australia (1851), the values of the precious metals were in 1873 still abnormally depressed. Their present values will probably prove to be more permanent than their values in 1873.

16. *Chief item of loss to India.*—The chief item of loss to British India is due to the fact that during the period 1850–1873, when the value of the precious metals was so abnormally depressed owing to the gold discoveries, that the general standard measures of value were perhaps 25 per cent. below their usual range, India borrowed, for the suppression of the Mutiny and the construction of railways, 164½ millions sterling, on which India must continue to pay interest at the covenanted rates by standards which have nearly, if not quite, recovered what will probably be found to be their normal values. The burden has, however, been mitigated by the subsequent reduction of the rate of interest on most of these loans, excepting some of the guaranteed railway loans; and it can not be confidently assumed either that India would have been able originally to borrow on the same terms, if the range of the standard measures of value had not been depressed, or, on the other hand, that the subsequent reduction of the rates of interest upon those loans would have been possible if there had been no intermediate recovery of the values of the precious metals.

17. *Advantages expected fvom international bimetallic standard.*—The grounds upon which it is considered that British India would be benefited by the adoption of an internationsl bimetallic standard measure of value may now be discussed. Two practical advantages are anticipated from the adoption of such a standard by all nations or even by the leading commercial nations: First—Fluctuations of exchange between the moneys of different conntries would be confined within narrow limits. Secondly, and principally—The standard measure of value would gain immensely in that stability, which is, above all things, to be desired in a standard.

18. *Fluctuations of exchange.*—Speaking, first, of fluctuations of international exchange, it is unnecessary to dilate upon the inconvenience which they may cause to trade. Possibly, indeed, this inconvenience

may sometimes be over-estimated; for the direct effect of a fluctuation is confined to engagements already contracted and in course of fulfillment; it can only affect subsequent transactions by inducing apprehensions that renewed fluctuations may vitiate the calculations upon which they are undertaken. Not only, however, are such apprehensions often sufficient to paralyse trade, and not only must repeated fluctuations cause serious and unmerited losses to honest traders, but, which is perhaps worse, uncertainty as to the international exchanges introduces an avoidable element of speculation injurious to sober, prudent, and honorable, and, therefore, permanently profitable commerce.

19. *Their main cause. Advantages of their elimination should not be overrated.*—Fluctuations of exchange between two countries must be mainly due to variations in the standard measures of value of one or both countries. If two countries use one standard measure of value,[1] whether they use the same unit or not is a matter of little importance, the fluctuations of the exchange between them can not exceed the narrow limits of the cost of transporting the material of the standard from one country to another. Such stability of exchange is of considerable advantage; but it is important not to exaggerate its scope, or to forget that fluctuations of international exchange might be thus almost wholly eliminated, not only without any improvement to the stability of the common standard measure of value, which is its only indispensable attribute, but even with a simultaneous deterioration of that characteristic.

20. *International bimetallic standard existed under French Law of* 1803.—The international bimetallic standard measure of value actually, to a great extent prevailed throughout the whole world as long as the French Monetary Law of 1803 was in operation. This truth may not even yet be generally recognized; but it is indisputable that so long as gold and silver were freely interchangeable in France, at a fixed ratio, that ratio necessarily governed the relations of the two metals, and, therefore, the value of each throughout the world. The sole gold standard of England and the sole silver standard of India were alike wholly subject to the influence of the French Law, and not, as has been supposed independent of it; the values of England's gold and India's silver were absolutely controlled by the French Law.

21. *Its effect upon the stability of exchange.*—Doubtless, that law could only operate freely and fully while France possessed sufficient stores of both metals. Before the gold discoveries of 1848 and 1851, the French Monetary Law had ceased to maintain the value of silver measured in gold, which commanded a small varying premium; and had the gold discoveries of California and Australia been repeated conversely, as her

(1) Of course the conditions on which standard money can be coined in the two countries must be stable. It is not enough that the same substance should be used, the mint conditions must be invariable.

silver stores were exhausted, the French Monetary Law would have in like manner ceased to maintain the value of gold measured in silver. But this only shows that the demand for metallic, that is, intrinsic money, in France alone, great as it is, is not sufficient to maintain such a law permanently, under all circumstances, and must not be allowed to obscure the fact that the French bimetallic law alone did confine fluctuations in the relative values of gold and silver throughout the civilized world, for three-quarters of a century, within narrow limits.

22. *Bimetallic standard not essential to stability of exchange.*—In theory, however, the bimetallic standard is not, in any sense, indispensable for the elimination of all avoidable fluctuations of exchange. Manifestly the same result would be attained by the use of any other common standard, say, for instance, either gold or silver. In order that there may be no substantial fluctuations of exchange between two or more countries, the one and only thing needful is that they shall measure value by one standard, whatever that standard may be; and no other device will prevent such fluctuations.

23. *Stability of standard.*—But, obviously, the degree of stability of an international standard measure of value must depend entirely upon the particular standard selected. This suggests the second and principal advantage that is to be expected from the adoption of an international bimetallic standard measure of value, namely, the vast improvement of that stability of the general standard measures of value which is of such supreme importance.

24. *Injurious consequences of its recent disturbance.* It has been observed that the substitution by Germany of gold for silver as its standard measure of value, followed by what was, in effect the same action by France and her associates in the Latin Convention, was the immediate cause of the recent disturbance of the long-standing equilibrium of silver and gold, and so aggravated to British India the consequences of the recovery of its value by gold which was already in progress, as to cause to it a loss upon its public obligations measured in gold, estimated at about 2½ crores of rupees a year. A loss in the same proportion was caused upon all other obligations fixed, by contract or custom, by the gold standard. Doubtless, the transfer of pressure from silver to gold, which produced these inconvenient consequences, must have, proportionately, counteracted the rise in the value of silver, which would otherwise have been greatly accelerated, and India must have obtained some compensation for the enhancement of its public gold obligations in the correlative depression of its public silver obligations. But if British India be treated as a whole, only its foreign obligations need, for the present purpose, be considered; and the fixed foreign obligations of British India, measured in silver, though large, bear so small a proportion to those measured in gold, that it is certain that, after all

sets-off, there must remain a large balance of loss caused to British India by the action, first of Germany, and then of France.

25. *Stability of standard should not be liable to disturbance by action of one nation, as it now is.*—No one can say whether the Governments of these two countries, especially that of Germany, which originated the disturbance, fully perceived the injury to the general interests which would follow upon the change of their national standard measures of value. Inasmuch as Germany herself has suffered and is suffering, as is believed, in proportion, as much by the change of its standard measure of value as any other nation, it may perhaps be presumed that the nature and effects of that measure can not have been altogether appreciated by its authors. However that may be, it is surely a most serious evil that a single nation should, by a domestic action of this kind, whether intentionally or not, inflict upon other nations grievous injuries against which they are powerless to protect themselves.

26. *International remedy urgently required.*—As things now are, the stability of the standard measures of value throughout the world is at the mercy of any single considerable nation, which can, at its pleasure, practically overthrow such stability with all the great interests dependent upon it. All countries alike are, however, deeply interested in the avoidance of any disturbance in the general standard measures of value; and it may be hoped that, when the vast importance of the general interests at stake is perceived, it may be possible to obtain a mutual undertaking by each nation not again, without international consultation and consent, to take any steps of this kind, involving, of necessity, the disturbance of the general bases of contracts. Certainly it would seem that this, of all others, is a matter in which the comity of nations should act, under all circumstances, in common accord; and that resort should be had to all the sanctions and restrictions which international engagements can supply, in order to prevent a recurrence of the evils to which recent events show that all nations are now helplessly exposed.

27. *The best international standard measure of value.*—Thus far the following two axioms have been established: (1) That it is highly desireable that all nations should measure values by one standard. (2) That the common interests require that no important nation should alter its standard measure of value without the consent of the rest.

The further problem may now be considered: what would form the best common international standard measure of value, if the principal nations should agree to adopt one. This question resolves itself into the previous question, what would be the most stable possible standard, for, beyond all doubt, the most stable standard which is in other respects suitable, is the best standard.

28. *Such a standard must be gold, silver, or a combination of the two.*—It is unnecessary, in the discussion of this question, to go behind the precious metals, or to inquire why, by general consent, gold or silver, or

some combination of these two metals, are in use as standard measures of value by all civilized nations, to the exclusion of all other standards. There is no doubt, indeed, the occasion for the present argument would demonstrate the fact afresh, if such demonstration were necessary, that the value of the precious metals themselves is far from being immovable, and, therefore, that they are far from constituting perfect standard measures of the value of other objects; but, from time immemorial, better and more able standards have been sought in vain. It would, therefore, be unprofitable to advert further to such speculations, it being practically certain that, in practice, among all civilized nations, the precious metals must continue to constitute the standard measures of value to which all contracts, not otherwise expressed, must be referred. In what follows, therefore, it will be assumed that the choice of the best possible standard measure of value lies, practically, between gold, silver, and some combination of these metals.

29. *Stability of standard to be distinguished from stability of exchange.*—The problem now to be investigated has no immediate bearing upon the fluctuations of international exchange, which can be prevented, absolutely, beyond narrow limits, by the use of any suitable common standard measure of value, and in no other way whatever. It signifies nothing, so far as stability of exchange alone is concerned, whether such common standard be gold or silver, or a combination of the two metals, or any other possible substance or device whatever. In order, however, to ascertain the effect upon the infinitely more important stability of standard—of the adoption of one or other of the three possible standards, namely, gold, silver, or some combination of the two metals—it is necessary briefly to examine the causes which regulate the values of the precious metals.

30. *Causes of values of precious metals.*—In their nature, these causes do not differ from those which regulate the value of any other object. Value is essentially a relative, and not an abstract conception; and the value of the precious metals, as of any other object, at any moment, and in any place, depends immediately upon the pressure of the present demand upon the present supply. Without diverging to follow any of the lines of thought suggested by this definition, it is only necessary for the present purpose to remark that the pressure of the demand upon the supply of objects, such as gold and silver, which are, practically, imperishable, and the principal uses of which involve comparatively little wear and tear, are subject to influences which differ widely from those which regulate the pressure of the demand upon the supply of perishable objects, as, for example, a great catch of fish.

31. *Uses of gold and silver. Waste in works of art insignificant.*—Gold and silver are used for three principal purposes, which may be named in their order of importance, as follows: (1.) Hoarding, or storing value, whether in the form of money or in cruder forms. (2.) Current, or active

money. (3.) The manufacture of works of art or ornaments, and various industrial uses. The actual final consumption or waste of the precious metals in the manufacture of works of art or ornaments is, by comparison with the qualities produced, so insignificant that it may be ignored. Whether embodied in works of art, or in solid bars, these metals are so far indestructible that the weight of metal used in the arts, which constantly reverts to the crude form, probably suffices, without very large additions, to supply all demands for this object. The consumption of these metals for industrial purposes, though larger, is still, probably, unimportant in relation to their whole stock.

32. *Use of precious metals for active money, creates but small permanent demand upon stocks.*—So, again, the recurring demand for crude gold and silver for the manufacture of coin for current use, in all probability, rather diminishes than increases. Paper money in its several forms of notes, checks, bills of exchange, etc., and improved methods of the settlement of accounts—such as culminate in the clearing-houses of various kinds—all tend constantly to displace the gold and silver money in current or active use for the exchange of value. Such devices are, probably, not as yet exhausted, even among the most intelligent communities; while there is great scope for the economy of the precious metals employed as active money by the introduction, among the less advanced countries, of methods which are already established in the more advanced countries. Even if such obvious opportunities for further economy be ignored, it is certain that the volume of the metallic currency, or, as it may be defined, the active metallic money of any country, fluctuates but little; and that, when a country has an adequate outfit of active metallic money, its indents upon the general stores of the crude metal, for the maintenance of its currency, are almost imperceptible. The waste of the metal thus used, whether in wear and tear, loss or destruction, is ascertained to be so small that it may be neglected.

33. *Because the volume of active money does not fluctuate or grow.*—The fact is generally recognized that the volume of a properly constituted subsidiary money, whether superior, like bank or currency notes, or inferior, as debased silver or copper coins, is subject only to limited variations; the demand for such instruments remains comparatively uniform. Upon reflection, it will appear that the same principle applies to the rest of the active or current money of any country whose currency is in a sound condition. There is no reason whatever to suppose that the volume of the retail exchanges of any community which requires the intervention of active money, is liable to any violent or frequent expansion or contraction, or that the volume of metallic money in active use varies more than that of the several forms of subsidiary or representative money, or, in fine, that any constant accretion to such money is required. Doubtless, there may be a spasmodic demand for a fresh stock of active money on special occasions, as there was for gold, when, recently, Ger-

many introduced its gold standard, or when America resumed specie payments; but such contingent and temporary demands produces little permanent effect upon the value of these metals.

34. *Value of precious metals wholly dependent upon their use for storing value.*—It may be concluded, therefore, that if gold and silver were needed only for the manufacture of works of art or ornaments, and of active money, the pressure of the permanent demand upon the permanent supply of these metals would be so weak that their values would be unstable and low. The stability, at a high range, of the value of gold and silver really depends exclusively upon their use for hoarding or storing value.

If, indeed, language be used with severe exactitude, it may be difficult to draw a clear distinction between money hoarded or passive, and money current or active; and the most precise definition of the uses of the precious metals would, perhaps, be: (1.) Storing value (hoarding). (2.) The manufacture of works of art or ornaments, and various industrial uses; the second of which uses, as has been shown, contributes little or nothing to the value of these metals, except, indeed, in so far as this use sometimes, as largely in Asia, merges in, and is indistinguishable from, their use for storing value.

35. *True use of the precious metals always to store value.*—According to this, which appears to be the true definition, the primary use, even of current or active money, is to store value not immediately wanted; its employment for the transport or exchange of value being through an important, yet a secondary duty. It would be difficult, on any other hypothesis, to distinguish between the attributes of money buried by misers or ignorant peasants, and so absolutely passive and useless for the transfer of value, and that which passes, perhaps several times in a day, from hand to hand. To regard money proper of all kinds, including the crude substance of money, as used, primarily, for storing value, furnishes us with a definition common to all such money; under which passive money differs from active only in that it is stored for a longer money period.

36. *Distinction between active and passive money.*—Certainly it is impossible to draw any clear line between current money and hoarded money. Money current to-day may be hoarded to-morrow; money hoarded to-day may be current to-morrow; and it may be often difficult to say whether particular money is hoarded or not, as, for instance, the reserves in the vaults of the Currency Department of India, or of a bank. All that is clear is that, of all the precious metals in existence, a certain volume, subject to little or no expansion or contraction, which has been in this memorandum defined as active money, is required for the constantly recurring occasions when value must be transferred in retail from hand to hand, and the rest is, excepting the insignificant portion devoted to artistic and industrial uses, hoarded or stored. The im-

portance of the distinction between active and passive money must, however, not be overlooked; it lies chiefly in this, that representative instruments and devices can and do perform all the duties of active money, often far more conveniently than the money proper which they represent. But, speaking generally, such expedients can not efficiently discharge the functions of passive money, because they are ineffectual for prolonged hoarding.

37. *Pressure of demand upon precious metals for storing indefinite.*—The laws which regulate the demand for gold and silver for storing value can not be traced; its pressure is indefinite, and, perhaps, depends ultimately upon the volume of the products of the labors of man, and the fruits of the earth not required for immediate consumption. This, and probably this only, is the demand which, by its pressure on their supply, ultimately confers on the precious metals their permanent value.

38. *Their efficiency for this purpose not intrinsic, but dependent upon human laws.*—The efficiency of the precious metals for storing value does not, unhappily, depend, like the efficiency of coal or wood for storing heat and force, exclusively upon intrinsic qualities, of which mankind can not deprive them, but, to a large extent, upon the common consent or even caprice of mankind; their intrinsic efficiency for storing value, and, therefore, their intrinsic value, consists only in their superior fitness for this particular duty as compared with all other substances; but they may conceivably be, at any time, dethroned from this position; their value rests, in short, upon human laws, and can at any moment be destroyed by human laws.

39. *Recent practical examples of this truth.*—During the last 35 years, the value of each metal in turn has been seriously imperiled by threatened or actual legislation of this kind. After the discovery of gold in California and Australia, one of the most distinguished of French Economists (Chevalier), and a well-known English Economist (Danson), oblivious, as it would seem, of the effect of their proposals upon the existing standards of value, and thus upon contracts throughout the world, earnestly and persistently advocated the disuse of gold as money; if their advocacy had prevailed, the value of gold would have been destroyed. Now, again, within the last few years, silver has been actually demonetized in Europe, the stability of its value being thereby seriously impaired. Plainly, either metal might be at any moment demonetized, and its value indefinitely reduced, by human legislation. If the suggestion that the value of both metals might, by like means, be simultaneously dissipated, be made with much hesitation, it is because, as already said, it is difficult to conceive that it would be possible to find any other standard measure of value which could be, or at least is likely to be, substituted for both gold and silver.

40. *Precariousness of their value under present conditions.*—Upon so precarious a basis rests the whole fabric of that portion of human wealth

which is stored in the form of the precious metals; the most permanent of all the forms of wealth, if human laws were unalterable; the most easily destructible by any change of such laws, under the influence of panic, caprice, or misunderstanding of the abstruse principles which underlie the phenomena under investigation.

41. *Relative values of precious metals are under human control.*—If the conclusion be accepted, and it appears undeniable, that human legislation, by causing their disuse as money, and so incapacitating them for the duty of storing value, can deprive either, if not both, of the precious metals of the greater part of their value; it follows, conversely, that the value of either metal can, by the same instrumentality, be increased at the expense of the other, and, accordingly, that their relative value can, within wide limits, be fixed or defined; it was so defined, as has been shown, for three-quarters of a century, in virtue of the law of a single country (France); and, provided that such a law is sufficiently general, and that its permanence is ensured, its effect must be universal and absolute.

42. *Production and stock of the precious metals.*—In a second Appendix to this Memorandum will be found an estimate of the total production and present stock of the precious metals. According to that estimate, the weight of gold and silver in human possession is about 510 millions of pounds troy, of which 30 millions of pounds (one-seventeenth part) is gold, and 480 millions (sixteen-seventeenths) is silver. The aggregate value of the whole was, till recently, about equally divided between the two metals. The value of the whole may be, at this moment, about 2,800,000,000*l.* So vast is the property, the value of either half, if not of the whole, of which lies, as has been shown, almost absolutely at the mercy of human legislation. If, by human legislation, or otherwise, one of these metals should be demonetized, its value would be practically destroyed and transferred to the other, the value of which would be doubled. The catastrophe which would follow upon such a revolution can hardly be imagined.

43. *Effect of German demonetization upon their relative values.*—The immediate effect of the recent action of Germany may, probably, have been the transfer to the owners of gold of one-sixth of the value of the stock of silver existing in 1873, and the enhancement, in the same proportion, of all debts then existing, defined in gold, and of all recurring payments fixed, by contract or custom, in gold. By a happy accident, it seems probable that the claims of creditors by the silver standard have not yet been actually depreciated; at the same time, but for the action of Germany, such creditors would have been, to the foregoing extent, in a better position than they now are. Enormous injury has been caused to trade by the resulting oscillations in the value of both standards in search of a fresh equilibrium, and from apprehensions, which still continue, lest other nations should follow Germany's example.

44. *Gravity of risks lest other nations should follow suit.*—These serious consequences from the comparatively modern disturbance of the general standard measures of value, due to the action of a single nation, furnish some indication of what would happen if other nations should hereafter take similar steps. It is not too much to say that, in such case, that stability, without which a standard of value can not discharge its main functions, already gravely impaired, would be finally destroyed. This calamitous result can be certainly averted only by the concerted action of the principal nations, and no effort should be spared to obtain such concert.

45. *Inferior stability of monometallic standard.*—If gold alone, or silver alone, was, by common consent, made the universal standard measure of value, then, after an indefinite interval of incalculable disaster and ruin, a certain new stability of standard, established upon the sole gold or sole silver basis, might again be attained; but, even such a stability, based upon one metal only, must, inevitably, be wholly inferior to that based upon the two metals in correlation, because, the compensatory influences of the existing duplicate standards would be absent, and every passing fluctuation would operate upon a much smaller volume of material. To illustrate this, it may be asked, what would have happened, if the discovery of gold in 1848 and 1851, which reduced the values of both metals by about one-fourth for 20 years, had operated upon gold alone? It seems probable that, but for the steadying influence of the French yoke between gold and silver, the value of gold would have fallen by at least one-half; in other words, gold prices would have doubled, and creditors by the gold standard would have lost half their property.

46. *Various forms of the bimetallic standard.*—In order to the existence of a real bimetallic standard measure of value, it is not absolutely necessary that the two metals should be actually interchangeable anywhere at a fixed ratio. Such a ratio would, in a great degree, establish and maintain itself without any such interchange, if only a permanent share of the common field of employment were absolutely secured to each metal. At present, speaking generally, it may be said that the field of Europe and America is supplied only by gold, and the field of Asia is, to a great extent, supplied by silver; though, even in Asia, notwithstanding that gold is not used for money there, much value is stored in gold.

47. *Existing correlation of gold and silver.*—Thus, under present circumstances, silver takes a very substantial share of the work of storing value, not much less, as is shown in Appendix II, than one-half. Under this division of duty between the two metals, the value of each is, even now, in correlation to the value of the other, so that a bimetallic standard measure does already actually exist, in a very important sense. If, indeed, permanency of the existing conditions could be ensured, the most elementary defect of the present state of affairs would be cured. But, not only is there no security for such permanency, but it is scarcely to be

expected that the nations will consent to guarantee the *statu quo* against all changes. Such an arrangement would leave America and France, especially France, burdened with a vast mass of silver money, representing value in excess of its own proper value; and, even if this obstacle were surmounted, it is hardly to be expected that other nations, who have now a silver standard, will, upon such conditions, bind themselves, for the common benefit, to forego forever the use of gold money.

48. *Inefficiency of the existing correlation, even if it could be made permanent.*—After all, too, even if a bimetallic standard measure of value, based upon the permanency of the *statu quo*, could be established, it would probably prove inefficient for one essential purpose. With a perfect system of standard measures of value, there ought to be no difficulty in the transportation of either metal from one country to another. For example, by reason, chiefly, of the rapid accumulation of the public debt incurred for the consolidation and material improvement of the empire, the settlement of the accounts of India, including inland Asia, with the rest of the world beyond the sea, has hitherto required the constant inflow of gold and silver. But it may be hoped not only that the debt of India will, in due time, cease to grow, but even that India may be in a position to repay some of its foreign debt. Whenever this state of things occurs, India ought to be able to retransport silver as well as gold without serious loss. It will be a great disadvantage to India if, eventually, it should find itself deprived of this manifestly equitable resource. It may, however, readily be conceived that, if silver is not used for money in Europe, its value there would, under such circumstances, be so greatly depressed that its re-transport might be impracticable.

49. *Guarantee of statu quo rejected.*—For these several reasons, the expedient of an international agreement to maintain the standard measure of value of each nation, as it now is, may be set aside as practically unattainable, and comparatively ineffectual.

50. *Also the method of an electron or amalgam.*—The simplest and most perfect theoretical form of a bimetallic standard measure of value would be an electron or amalgam of silver and gold in fixed proportions. But, inasmuch as, if the metals were amalgamated in the proportions which other considerations require, such an electron would not be distinguishable, otherwise than upon assay, from pure silver, this method also must be rejected as unattainable. Moreover, it would be too violently inconsistent with the actual facts of the world's money, which must practically predominate any settlement of the question.

51. *Also that of associating the two metals in fixed proportions.*—Another method, also based upon the recognition of the bimetallic standard measure of value, would be to endue the two metals with the *vis liberatrix*, upon which, as has been shown, their value depends, only when associated in fixed proportions. Thus, for example, it might be determined that debts should be discharged by the delivery of one part of gold and

15½ parts of silver. But this method would be, manifestly, so cumbrous and difficult in operation, that it, too, may be rejected without more particular investigation.

52. *There may be other possible methods.*—Thus, three conceivable methods of giving effect to a bimetallic standard measure of value have been described, namely: (1.) The surrender by each country, by international agreement, of the right to make any change whatever in its existing standard. (2.) The general adoption, as a standard, of an electron or amalgam of gold and silver in fixed proportions. (3.) The endowment of either metal with the *vis liberatrix* or *force libératoire*, only when accompanied by a fixed proportion of the other. It is quite possible that these three methods do not exhaust all possible alternatives for the establishment of a bimetallic standard measure of value.

53. *These several methods serve to illustrate principle and show efficacy of human laws.*—Their recital, however, is useful chiefly to illustrate the principle of a bimetallic standard, as well as the baselessness of the common prejudice that the relative value of the two metals is not subject to the control of human laws. As already said, the experience of the world under the dominion of the French Monetary Law of 1803, effectually disposes of that fallacy. That law, although confined to a single nation, sufficed, for seventy years, to yoke the two metals together within narrow limits, which even the revolutionary gold discoveries of 1848 and 1851 scarcely stretched. As has been shown in this memorandum, the value of each precious metal is immediately dependent upon human consent, that is to say, human laws only. A grave disturbance of the relative values of the two has actually been caused by the legislation of a single nation (Germany); and it seems certain that, if the principles underlying the value of these metals were generally understood, the at one time generally received but now nearly exploded objection, that their relative value is independent of and can not be controlled by human laws, would never again be heard.

54. *The French method.*—The three alternative methods aforesaid have been described only to be rejected as being, for sundry reasons, impracticable. The only method left is that first introduced instinctively, if not, indeed, accidentally, by the French Monetary Law of 1803, and now, in practice, monopolizing the title of the Bimetallic Standard. By this method the coinage of silver and gold is unrestricted, and both metals are endowed with the *vis liberatrix* at a fixed ratio. For example, by the French law, a debt of 100 francs may be discharged by the delivery of coins containing either 450 grammes of pure silver, or 29.0323 grammes of pure gold, being in the proportion of 1 : 15½.

55. *Its efficacy in maintaining the stability of exchange and of the standard measure of value.*—If a standard of this kind were adopted by all, or by a sufficient number of the nations, and if the ratio were fixed within certain limits, there can be no question but that the equilibrium and, to

the utmost possible extent, the stability, of the values of the two metals would be completely and permanently secured. The general adoption of such a standard would produce the same effect as the actual replacement of the two metals, gold and silver, by a single electron or amalgam of the two metals in the proportion adopted. To whatever extent, in the proportion used, the facts should be so disregarded as that, after an imaginary amalgamation of the whole stock of the two metals in that proportion, there would remain a considerable surplus of either metal, the common standard would be, to that extent, subject to disturbance; but as such disturbance would not be confined to one country, but would extend over the whole world, it would be imperceptible, unless the error in the proportion used was very great. In no case would it affect the international exchanges, which, by the adoption of a common measure of value, would be proof against all fluctuations beyond narrow limits.

56. *Stability of such a standard. Effect of its general adoption upon creditors by existing gold standard.*—There seems no room for doubt that a standard measure of value, resting upon this broad basis, must, of necessity, be indefinitely more stable than such a standard resting upon the basis of one metal only, and that its adoption, under sufficient sanctions, would certainly deliver, not India only, but the whole world, from all the evils to which, in the absence of any international agreement, it is now exposed; and this without serious injustice to any existing interests. No doubt, creditors by the present gold standard would lose some of their actual advantage; but, for the most part, this advantage has been acquired recently, and, being wholly unearned, is held upon no fundamentally equitable title. Moreover, the sacrifice entailed upon such creditors for the common good would probably, in almost all cases, be largely compensated, even to them, by the substantial improvement of their security, and the general increase of prosperity which must ensue from the establishment of the standards of value of the world upon a permanently stable basis.

57. *Proper ratio between gold and silver in such a standard.*—The question what particular ratio between silver and gold should be adopted in a bimetallic standard of this kind, though important, is still only a subordinate question. Theory, as already indicated, requires that this ratio should be, as nearly as possible, the proportion which the whole stock of gold in the world bears to the whole stock of silver. But neither is it possible to ascertain this proportion with any precision, nor, whatever it may be, will it be permanently maintained. According to the statistics in Appendix II., this ratio, at the end of 1878, was about 1 : 16. The ratio by the law of the United States of America, now practically suspended, is 1 : 16. The ratio under the French Monetary Law was 1 : 15½. Although the American ratio probably approaches the more nearly to present theoretical precision, yet the proportion of silver to gold in the common stock is now constantly diminishing, and much wider practical

effect having been given to the French ratio, it would probably be preferable to adopt it. There is no doubt that the French ratio would, in effect, secure as complete a stability of value in the standard as is attainable.

58. *Proposed union.*—Reference has been made in this memorandum, more than once, to the consent of a sufficient number of nations as essential to the establishment of a common standard measure of value. The greater the number of nations associated for such a purpose, the more thorough would be the result. At the same time, it has been shown how effectual has been the action of a single nation (France); and it is believed that, if America, France, Germany, and India, were to unite with this object, the desired reform would be effectually and permanently accomplished, and that it might be even possible to dispense with the co-operation of Germany. The Government of British India need not hesitate to become a party to such a union, to which it might be expected that other nations would quickly adhere. The Government of India should not join any convention to which France is not a party. Present circumstances imperatively demand a concerted action between France and India.

59. *Conclusions recapitulated.*—The conclusions suggested in this memorandum may be thus recapitulated. It is considered: (1.) That value should be measured throughout the world by a common standard. (2.) That this standard should, by the most effectual possible international sanctions, be secured against disturbance by any single nation. (3.) That practically, however, the desired object would be attained by the union of America, France, Germany, and India, or even of America, France, and India. (4.) That the best, because the most stable, standard would be the recognized bimetallic standard, that is to say, the optional payment of debts in gold or silver at a fixed ratio; and, (5.) That this ratio should be that prescribed by the French Monetary Law of 1803, namely, $1:15\frac{1}{2}$.

60. *International mint regulations.*—To complete the reform advocated, the mints of all nations should be organized, and the levy of seignorage regulated, under international law. It would, indeed, be better still if, in recognition of the fact that value, of which money is, after all, only the instrument, is cosmopolitan, the mints of the world could be managed as neutral or international institutions, belonging, not to individual nations, but mankind as a whole. This is, perhaps, an ideal, the realization of which is distant; but it may be hoped that sufficient effect may be given to the general principle advocated, to deliver the world almost wholly from the inconvenience and loss occasioned by fluctuations of the international exchanges, and greatly to alleviate the infinitely more injurious, albeit less patent fluctuations, to which the standard measures of value are now subject.

61. *Subsidiary currency reforms.*—The adoption of these principles

would still leave many minor improvements in the currency or exchange-machinery of the world to be desired; but none of them are important in comparison with the settlement of a common standard measure of value, upon a secure and appropriate basis. The following may, however, be mentioned: (1.) The universal establishment of proper principles as to the issue of subsidiary money of all sorts, whether in paper or in any kind of metal. No such subsidiary money rests upon a sound basis which is not convertible, on demand, into standard money. (2.) The assimilation of the moneys of different nations. It would be convenient if there were not only one standard measure of value, but a common unit of such standard; that is to say, if the several coins of each country contained the same weight of fine metal, or at least, multiples of the same weight. (3.) The general introduction of the decimal subdivision of money.

62. *Effect of international bimetallic standard upon metallic currency.*—It is not necessary to speculate on the effect which the introduction of the bimetallic standard would produce upon the current or active money of the world. On the one hand, it is not to be expected that such a measure would, for a long time, if ever, modify that universal preference of gold to silver, which is doubtless founded upon its *prima facie* inherent or intrinsic superior qualifications for storing value. The Gresham Law might, therefore, perhaps, operate to cause the recession of gold into the stores of passive money, where it would none the less effectually discharge its share of the common function of the two metals, although it might only appear at intervals in the *rôle* of active money. On the other hand, the greater efficacy and cheapness of the more valuable metal for the transport of value in large amounts, and over long distances, might possibly lead to its preferential use for the wholesale and international settlement of accounts.

63. *Gold might possibly disappear from active circulation. But too much weight must not be allowed to this disadvantage.*—Doubtless, the substitution of silver for gold as the active or current money of the countries which now use gold, if, perchance, this should be the result of the introduction of the bimetallic standard, would be distasteful to those who are accustomed to the more portable and convenient instrument. But, while sympathy might be felt with their preference for gold, objections of this nature need not be ranked highly in comparison with the world-wide and substantial benefits to be expected from the reform which might possibly involve them; and when it is remembered that but a small fraction of the world, even now, uses gold for its current money, that little practical inconvenience is found to result from its absence in such different countries as India and Scotland; and that, by a suitable development of paper currency, the disadvantage of the greater weight of the less valuable metal can be so mitigated as to be almost neutralized, the conclusion need not be evaded that there is little real substance in such prejudices.

The sentimental arguments which are connected with the supposed superior beauty, and the certainly superior value, of the royal metal, do not seem to deserve even a passing thought.

64. *The additions to the stock of the precious metals since* 1851 *have caused no lasting loss of their value.*—Lastly, one remarkable phenomenon, cognate to the subject of this paper, may be noticed. During the thirty years ending with 1878, the stock of gold in the world was nearly doubled, and one-fourth was added to the stock of silver. This rate of increase to the stock of the two metals was unexampled. Some temporary inconvenience was caused by the consequent fall in the value of these metals, or, in other words, the general rise in prices; but, although as yet, the production of the precious metals is but slightly abating, there has, of late years, been a marked reaction in prices, which have receded very nearly to the level at which they stood in 1850; that is to say, notwithstanding the unprecedentedly vast additions to the stock of the two metals, and their continued great, although now diminishing production, they have already nearly regained their former value.

65. *Concomitant increase of human wealth.*—This paper must not be prolonged by an attempt to analyze the causes of this unexpected, not to say extraordinary result. But it deserves remark that the period during which these unparalleled additions have been made to the general stores of the precious metals, not at all, as is believed, to the active metallic money of the world, has been also a period of unparalleled development of the general resources of the human race, and unprecedented material improvements, If it be true that the fundamental and principal use of the precious metals is to store the surplus produce of the soil and of human labors, then it seems to follow that the growth of this surplus has ultimately kept pace with the supplies of the precious metals, greatly as these supplies have been, for the time, accelerated.

66. *Probable connection between these phenomena.*—Thus it becomes a not violently improbable assumption that there is no remote connection between the supplies of the precious metals and the progress of material improvements in the world. Indeed, it would not, probably, be difficult to trace, in the recent history of British India, a direct relation between the contemporary discoveries of the precious metals and the activity of labor which would otherwise have remained dormant; the cultivation of land which would otherwise have continued unproductive; and even the preservation of human lives, which would otherwise have perished.

67. *Threatened contraction of supply of the precious metals.*—According to all available information, we have now to contemplate the probability of a progressive contraction of the supply of these metals. If so, it is peculiarly important, just now, to prevent the further disuse of the less valuable metal, and it would be, just now, epecially disastrous, if mankind should finally resolve to use gold alone for the storage of value, and decree the destruction of the value of silver.

68. *Cosmopolitan character of the question.*—Many of the arguments used in this paper have traveled beyond the scope of the British Indian interests, and adverted to cosmopolitan considerations which may, at first sight, seem to be outside the duties of an Indian official; but for this no apology is necessary. The truth is that, in this matter, at least, the interest of each country is identical with the interests of the whole world. Therefore, in the advocacy of the great reform, which is the object of this memorandum on behalf of India, it has been necessary to plead on behalf of all other nations.

69. *The interests of India.*—At the same time, this paper has not been prompted by a quixotic desire to promote a reform with which India is not concerned, but solely by the conviction that the interests of this great empire imperatively demand its adoption. The yearly loss to India from that recent monetary disturbance, which was possible only by reason of the absence of international engagements for the equitable protection of the monetary interests of all nations, has been estimated at about $2\frac{1}{2}$ crores of rupees. Large as is that sum, it represents, it is believed, feebly and inadequately, the injury inflicted upon British India by the loss of general confidence in the stability of its standard measure of value. Moreover, India is left, meanwhile, constantly exposed to the consequences of the actions of other nations, over which the Government of India have no control.

70. *Importance of the problem.*—The restoration of public confidence in the standard measure of value of British India, by its re-establishment on a stable and secure basis, and the deliverance of the Government of India from risks and apprehensions, which, as has been said, make any settled financial policy well-nigh impossible, seem to be objects worthy of vigorous and sustained efforts, and of the application of all the resources at the command of the highest statesmanship.

R. B. CHAPMAN.

Simla, Department of Finance and Commerce, June 2, 1880.

APPENDIX I.

PRICES AND VALUES OF TYPICAL COMMODITIES IN GOLD AND SILVER IN LONDON AND CALCUTTA.

(Prices and Values of March, 1873 = 100.)

	Actual Prices.		Prices in Gold.				Values in Silver.			
			Compared with March, 1873.		Percentage of Change since 1876.		Compared with March, 1873.		Percentage of Change since 1876.	
	April, 1876.	Dec. 1879.	Apl. 1876	Dec. 1879.	Rise.	Fall.	Apl. 1876.	Dec. 1879.	Rise.	Fall.
In London:										
Gold	.....	.....	...	....	.....	.....	111.72	113 94	1.99	.....
Silver	53s. 5d.	52s. 4d.	89.54	87.76	.....	1.98	.....	.....	...	.....
Scotch Pig Iron	58s. 3d.	65s. 6d.	49	55	12.2	....	55	63	14 5	.....
Coals, Hetton, Wallsend	21s. 3d.	16s. 9d.	63	50	.....	20.6	71	57	.....	19 7
Copper, Chili Bars	79l.	66l. 10s.	88	74	.....	15.9	99	85	.....	14 1
Straits Tin	71l. 10s.	90l. 10s.	49	62	26.5	.....	55	71	29 1	.....
Wheat	45s. 3d.	47s. 1d.	82	85	3.6	.....	91	97	6.6	.....
Flour, Town-made	40s. 6d.	40s. 6d.	86	86	.....	.....	96	98	2.1	.....
Beef, Inferior	3s. 8d.	2s. 10d.	110	85	.....	22.7	123	97	.....	21 3
Beef, Prime, small	5s. 6d.	5s. 1d.	105	96	.....	8 5	117	110	.....	6.
Cotton, Middling	$6\frac{3}{8}$d.	7d.	69	76	10.1	....	77	86	11.7	.....
No. 40 Mule Twist	$11\frac{1}{4}$d.	$10\frac{3}{4}$d.	80	77	.....	3.7	90	87	.....	3 3
Wool S. D. Hogs	16l. 10s.	14l. 10s.	80	71	.....	11.2	90	80	.....	11.1
Sugar, Manilla	14s.	18s. 6d.	72	95	31.9	.....	80	108	35.0	.....
Coffee	82s. 6d.	71s. 6d.	95	83	.....	12.6	107	91	.....	12 1
Saltpetre	22s. 3d.	26s. 9d.	80	96	20.0	.....	90	110	22 2	.....
			Values in Gold.				Prices in Silver.			
In Calcutta.	Rs. a.	Rs. a.								
Gray Shirtings (8 lbs. 2-4 oz.)	5 —	4 11	75	69	.....	8.	84	79	.....	5.9
Mule Twist, White Good, No. 40	— $5\frac{1}{2}$	$5\frac{1}{6}$	77	70	.....	9.1	86	80	.....	6 9
Turkey Red, No. 40s, 12 lbs	1 8	1 $3\frac{1}{2}$	82	66	.....	19.5	92	75	.....	18 5
Orange, Nos. 14-60	— $13\frac{1}{4}$	— $12\frac{3}{4}$	79	74	.....	6.3	88	85	.....	3 4
Copper, Sheathing	39 4	32 12	89	72	.....	19.1	99	82	....	17 1
Iron, Flat, Bolt, Bar and Square	3 11	3 1	73	60	.....	17 8	82	68	....	17.
Spelter, Hard	10 13	8	136	98	.....	27.9	152	112	....	26 3
Hides, Buffalo, Patna	72 –	125 —	54	91	68.5	.....	60	104	73.3	.....
Jute, Picked	24 —	31 —	117	148	26 5	.....	131	169	29 0	.....
Linseed, Fine Bold	3 $12\frac{1}{2}$	5 1	76	99	30.2	.....	85	113	32 9	.....
Rice, Ballam	2 7	3 2	103	129	25 2	.....	115	147	27.8	.....
Saltpetre	5 6	6 11	62	75	20.9	.....	69	85	23 2	.....
Sugar, Gurpatta	6 10	8 8	61	76	24.6	.....	68	87	27.9	.....
Tea, Good Souchong	— 12	— 8	97	64	.....	34.0	109	73	.....	33.0
Wheat, Doodiah	2 8	3 10	68	95	43.9	....	74	107	44 6	.....

APPENDIX II.

ESTIMATES OF THE PRODUCTION OF THE PRECIOUS METALS SINCE THE DISCOVERY OF AMERICA, AND OF THE STOCK IN EXISTENCE BEFORE THAT EVENT. (COMPILED FROM VARIOUS SOURCES.)

	GOLD.		SILVER.		
	Kilograms.	*Lbs. Troy.*	*Kilograms.*	*Lbs. Troy.*	
In existence in 1492*..	87,870	235,420	3,222,395	8,633,833	
Produced elsewhere than in Extra-Russian Asia, 1493–1848*.	4,415,498	11,829,856	134,650,078	360,750,000	
Produced in Extra-Russian Asia, 1493–1847*................	1,288,768	3,452,827	3,107,309	8,325,000	
1849–1850*.............	102,515	274,656	2,071,539	5,550,000	Values in sterling money in 1878:
Total 1493–1850.....	5,806,781	15,557,339	139,828,926	374,625,000	Gold........ £1,519,482,000
					Silver at 50*d.* an oz. troy. 1,298,665,000
1851–1875 †............	4,821,775	12,918,339	31,003,825	83,064,414	At 60*d.* ditto. 1,558,398,000
1876–1878 ‡............	410,062	1,098,626	5,298,934	14,183,333	
Grand Total.......	11,126,488	29,809,724	179,349,080	480,506,080	

*Tooke and Newmarch, Vol. VI., pp. 141, 142, 150, 231. †Soetbeer, Production of the Precious Metals (1879). ‡Sir Hector Hay, Statistical Society's Journal, 1879, p. 436.

NOTE.—All the authorities who have shared in the compilation of these statistics concur in the warning that the figures, especially before 1848, must be taken with reserve. They are, in fact, at the best, only guesses carefully made by competent observers, after examining all kinds of data.

Even as such they are open to the following criticisms and remarks:

I. The estimate of the metal already won in 1492, avowedly, only includes the stock in Europe, Russia in Asia, and Mediterranean Africa. It does not include the stores already won from the earth in America, Asia, and the rest of Africa. Even the European stock seems, probably, much under-estimated; and it is likely that the Asian store was already large.

II. The estimate of the produce of Extra-Russian Asia between 1493 and 1847 is by a Russian authority, M. Otreschkoff. It does not, apparently, include India or Japan; yet there are indications that the production of gold in India may, in the past, have been considerable.

III. The statistics since 1847 apparently include little or nothing for Extra-Russian Asia; and the greater part of Africa is, throughout, excluded. But Jacob speaks of considerable produce in Africa, and values the produce of Asia in gold at 1,235,000*l.* a year, and in silver at 165,000*l.* (Jacob, On the Precious Metals [1831], Chapter XXVII.) Otreschkoff estimated the gold production of China at 600,000*l.* a year, and of Sumatra, Java, Borneo, and the Archipelago at 2,400,000*l.*, and the silver production of China at 180,000*l.* a year. (Tooke and Newmarch, Vol. VI., p. 762.) Chevalier estimated the yearly produce, before 1865, of Extra Russian Asia and the Asiatic Archipelago and Africa at no less than 80,000 kilos. of gold (nearly 11,000,000*l.*), and 500,000 kilos. of silver (about 4,300,000*l.*) (Money, edition 1866, p. 557.)

IV. On the other hand, the figures in this table since 1492 allow for no waste and no losses, as for example, by shipwrecks, fires, forgotten hoards, and the like.

Perhaps these several omissions may be set against each other, and the weight of gold now in existence estimated as follows:

	Kilograms.	Lbs. Troy.
Gold..	11,200,000	30,000,000
Silver..	179,200,000	480,000,000

But these estimates probably err in the direction of being too low.

LETTER OF MR. CHAPMAN TO PROFESSOR NASSE.

Financial Department of the Government of India,
December 25, 1880.

My Dear Professor Nasse:—Our mutual friend, Dr. Brandis, sent me, some time ago, some questions which you had put to him about the relations of India to the silver question.

He has since sent you a paper of mine, written some months ago, containing my reasons for believing that the only possible remedy for the evils arising from the divergence of the values of the two metals from which all nations alike are suffering, is bimetallism. The point of that paper is, that the supreme desideratum, for all countries alike, is the most stable possible standard of value, a point which appears to me to be strangely overlooked by almost all those who are wont to take part in the discussion of this important question.

I am, myself, convinced that what has taken place, as yet, is, that gold has risen in value; or, say, recovered, since 1873, the value of which it lost in 1848–51.

My advocacy of bimetallism is based upon the fact, which appears to me beyond dispute, that a bimetallic standard must be many times more stable than either a single gold or a single silver standard of value, and that a universal standard of value ought assuredly to be a settled international obligation.

I believe that, as being more plentiful, silver would be a less unstable universal standard than gold, but that a combination of the two metals would be infinitely superior, in this essential respect, to either metal alone.

Surely, the monometallists have lost sight of the true substance of the problem. Unless a fallacious definition of value be accepted, there can be no question that the value of gold must be most unstable, and that, therefore, gold must be a thoroughly bad standard of value.

Do not suppose me a protectionist in thus arguing. I am so absolute a free-trader that I should rejoice, for example, at this moment, to see the ports of India thrown open to the world, without duty of any kind, except on wine, and spirits, and salt. Also, do not suppose that my proposal is made in the separate interest of India. On the contrary, I verily believe that if gold monometallism continues to prevail in Europe and America, or say, in France, Germany, and Great Britain, and the United States, which may be said to comprise the most civilized and wealthy parts of Europe and America, then these countries will suffer more than those who use silver, because a rising standard of value is far worse than a falling one.

I now send you some statistics, which, I think, you will find interesting

as illustrating the relations of India with the question in the past, and indicating its attitude in the future.

You say you can not understand the fluctuations of the payments in England, on account of India. These fluctuations are easily explained. They depend only upon our debt transactions. During the past 30 years,[1] India has borrowed large sums of money for the construction of railways and canals, for the suppression of the mutiny of 1857, and for the relief of the people on the occurrence of famine. When money is borrowed in London, the Secretary of State uses that money for the necessities of the Home Treasury, and draws so much less upon India. The consequence is, that merchants, deprived of their usual channel of remittance (the Secretary of State's bills), buy and send out silver. Even when we borrow in India, the same result follows. Almost all our subscriptions come, directly or indirectly, from London; and people either compete more actively for Secretary of State's bills, so raising exchange, or send silver.

You will easily be able to group these phenomena in a more simple and scientific shape. In its effect upon the exchange with other countries, a loan, at all events a foreign loan, raised by a nation, is, in every respect, equivalent to the export of merchandise. Therefore, shortly, our exchanges, during these 30 years, have been vastly improved by the large amount that we have borrowed.

Nothing can be more certain than, that, if we had not borrowed these large sums, we must either have exported so much more merchandise, or imported so much less merchandise, or, gold or silver. We could not, I believe, have exported more merchandise. Rather, inasmuch as, by the hypothesis, we should have remained without our improved communications, we should probably have been unable to export nearly so much. Therefore, equilibrium must have been adjusted through the imports, and there can, in my opinion, be no doubt at all that the brunt of the reductions would have fallen, not upon the imports of merchandise, but upon the imports of the precious metals.

The table brings out the remarkable fact, little observed in Europe, that one-third of our imports of the precious metals is in gold, only two-thirds being in silver. India imports gold as a luxury. It goes chiefly to the rich people, who will, to a great extent, have it anyhow. Hence, I draw the further inference that, as between the two metals, the decrease if we had not borrowed, must have fallen upon the imports of silver.

In other words, the support which the demands of India has given to the value of silver during these thirty years is due, almost wholly, to the great debt which she has incurred, and to no other cause. Silver can, of course, only come to India either on loan or in exchange for other things. If India had not been borrowing, she could not possibly have

(1) The exact period is 29 years 11 months; the terminal date of our account year having been altered, in 1867, from the 30th April to the 31st March.

paid for the greater part of the silver which was imported during these thirty years.

Before turning to the future, I ask you to note one thing. Like France, India possesses an enormous stock of metallic money; I dare say, 250,000,000*l*. Some people assume that all this great mass of money is in circulation, and is wanted for daily purposes. There could not be a greater mistake. On the contrary, I believe that a very small portion of this money is in active circulation, not perhaps more than one-fifth part of it. The rest is all hoarded, in larger or smaller quantities, throughout the country. You will bear in mind our vast population. Almost every respectable individual amongst them owns more or less silver, in the form of either rupees or solid silver ornaments worn by his wife or children, but held always available for conversion into money on need arising.

We are now in a position to form some opinion as to the future demands of India for silver. Those who advocate the demonetization of silver in Europe and America are in the habit of assuming that because, during these thirty years, India has absorbed large quantities of silver, therefore she will continue to do so for all time to come. This assumption has been made even in the London *Economist*, and that, too, when the late Mr. Walter Bagehot was its editor. The same fallacy prevails throughout his published works, and is, indeed, a stock refuge of all opponents of bimetallism.

There is no shadow of foundation for this assumption. Those who make it forget that, till India began to borrow for the construction of her railways, her imports of the precious metals were insignificant; only about two or three millions sterling a year. They forget that a country can absorb neither silver nor any thing else with any benefit to the rest of the world, unless in exchange for some equivalent more valued by other countries; and they neglect to inquire whether there is no explanation of the great flow of silver to India during the last thirty years, on which they found expectations which have so important a bearing on the course they advocate.

From what I have said, it will, I think, appear beyond dispute that the answer to the question, whether India will continue to absorb silver in the future as she has done in the recent past, or to what extent she will so absorb it? depends exclusively upon the answer to the previous question, to what extent she is likely to increase her debt?

Now, I have explained that the large amount which India has borrowed during these thirty years is explained by: (1.) The construction of her railways and canals, which have cost 170½ millions sterling, namely—railways, 144¾ millions; canals, etc., 25¾ millions; total, 170½ millions. (2). The suppression of the mutiny of 1857, which cost a very large sum. (3.) The frequent occurrence of famine and war, which have cost together 33 millions during the last eight years alone.

I mention a further cause, not connected with the public debt, namely,

the cotton famine resulting from the civil war in the United States, which enormously inflated the price of Indian cotton, and added millions to the wealth of India. Obviously, such a windfall for India as that can not be expected to recur.

We may, also, I think, hope there will be no repetition of such a convulsion as the mutiny. The future of the British Indian Empire in this, as in other respects, is in the hands of God; but, so far as human foresight goes, there is no reason for anticipating the recurrence of such a catastrophe.

Further, I think that those who count upon India absorbing silver *ad libitum* can not wisely anticipate the recurrence of such a conflict as the recent costly war in Afghanistan. No other so costly a war has occurred in the last thirty years, and, subject always to the will of God, I do not apprehend any other for the present.

As to railways and canals, India is now supplied with her principal requirements in this respect, the main trunk lines being complete. An incalculable amount of capital may, I believe, still be profitably invested in subsidiary railways in India. I look for the general recognition of the wisdom of that policy in which France is taking the lead, of extending railway communication throughout the length and breadth of every country, and I contemplate, with sanguine anticipations, the adoption of this policy in India, and the abandonment of the present retrograde and, as I think, unwise policy, by which ridiculously narrow limits have been imposed upon the material development, for which India is literally crying aloud. With the most ordinary prudence, it is scarcely possible to make a railway in India which does not yield a prompt and rich return. As soon as this is perceived, as it must speedily be perceived, and as soon as the really prosperous condition of the Indian finances is understood, as it must speedily be understood, beyond all cavil, I make bold to expect a relegation of the present pusillanimous policy to the limbo of obsolete superstitions.

But, meanwhile, India is bound in swaddling bands, and Great Britain has forbidden the expenditure of more than $2\frac{1}{2}$ millons a year upon her material development; and even when Great Britain regains her senses on this subject, there is no probability of a yearly expenditure on such objects on any thing like the scale of the last thirty years.

What is to be said about famine? During the last eight years the expenditure for the relief of the people from the effects of famine, and the loss of revenue from this cause, have amounted to 15,646 214*l*., or no less than 1,955,777*l*. a year. I can not foretell future seasons; but I do not think that we need expect that the experience of these eight years will be, in this respect, permanently repeated; and I am confident that, as communications are improved, the relief of famine will be facilitated, and become less costly; nay, that in time, these means, and the growing

prosperity of the country, will prevent the occurrence of famine in India as completely as they have already prevented this great scourge in Europe.

I admit that our exports are likely to expand rapidly; but I expect an, at least, equivalent expansion of our imports of merchandise. I come, now, to the end of this long letter. Fully hoping that we shall spend, in the future, much more than we are now doing on the material development of India, and granting that we must, for some time to come, expect to bear a heavy burden for the relief of famine, I have to inquire what is the amount which India is likely to borrow in the future.

In considering this question, the first thing necessary is to form a judgment upon the present financial condition of British India. Upon this point, I must not weary you with too many details. Suffice it to say (1) that, after the most rigid exclusion of all items which do not properly belong to these years, I find that the revenues of the two years 1879–80 and 1880–81 have exceeded the public expenditure, with the exception of the expenditure of war and famine, by no less than 4½ millions sterling a year; (2) that the revenues of India, so often stigmatized as inelastic, have grown during the past twelve years by no less than nine millions sterling a year, and present every appearance of a further healthy development; (3) that the public expenditure during the same period has increased by only 3¼ millions, of which 2¾ millions is due to the (by the Government of India) uncontrollable accident of the disturbance of the relations of gold and silver; (4) that the public expenditure presents no appearance of further development to correspond with the prospect of the growth of the revenue; (5) that there is no true foundation whatever for the common prejudice, that the people of India are heavily taxed. There has been literally no increase of taxation, on the whole, during the past twelve years, but rather a diminution. The share of the annual income of the country appropriated by the State has most certainly largely diminished, and is still rapidly diminishing. The growth of the revenues aforesaid is due not to any added burdens, but to such items as the growth, by two millions sterling a year, of the opium revenue, which is scarcely a tax upon India at all; the growth of the earnings of the railways, by three millions; and the greater productiveness of the land revenue, the excise, and stamps and registration.

These things being so, what are our prospective demands upon the money market for loans? I have no hesitation in saying that the probability is altogether against any present rapid increase of our debt; nay, unless the Government sees fit to reduce taxation (and there is no pressing need for such reduction except for purposes of scientific fiscal reform, such as the abolition of the customs duties and of such a tax as the capitation tax in Burmah), unless, I say, the Government reduces taxation, it is much more likely that India will now begin to repay debt than that she will borrow afresh.[1] I have shown that the importation of silver into

(1) I can not, however, say confidently that we shall close the Afghan war without any further loan.

India is almost wholly due to her borrowing. Conversely, if she should repay debt, the tendency must rather be for her to re-export some part of the great hoard of silver which she has been accumulating. At all events, in my opinion (I can not say whether you will concur in it), there is no prospect whatever of the value of silver receiving much support hereafter, by reason of demands for this metal from British India.

This is the upshot of the whole matter, which I am anxious to impress upon you, and, through you, if you should think fit, upon those in Germany, who, in opposing international bimetallism, count upon India relieving Europe and America from the remaining stock of silver which, unless bimetallism is, internationally, adopted, they must soon discard.

Depend upon it, a universal international bimetallic standard of value is the only complete, the only true remedy for the evils under which all alike are suffering from that recent disturbance of the standard of value, which, you will pardon me for saying, the world owes to the action of Germany alone. That disturbance, in truth, affects gold quite as much as silver; I believe more so. Its effects are very far indeed from being exhausted. What is Germany going to do with her 25,000,000*l.* of thalers? What is France going to do with her 80,000,000*l.* of standard silver money, 50,000,000*l.* of which are accumulated in the Bank of France alone? What is America going to do with her constantly accumulating "dollars of her fathers"? And what will British India do if any attempt is made by these nations to disembarrass themselves of their great silver incumbrances? Unless the only possible remedy is applied, namely, the readmission of silver to that sphere of employment from which it has been arbitrarily expelled, there lies before the civilized world a period of incalculable loss and suffering.

You may make what use you like of this letter, understanding, however, clearly, that it possesses no authority, apart from the truth it contains, and, in particular, that I have not been authorized by my Government to write it, and in fact that the Government of India does not know that I have written it. I am, etc.,

(Signed) R. B. CHAPMAN.

To Professor Nasse, Bonn.

HE TWENTY-NINE YEARS AND ELEVEN

. 11.56 = *Rs.*11,56,00,000.

et Sterling Debt ncurred, ncluding uarnteed Railway pital raised. (0000's mitted.)	Net Sterling Debt Converted into Rupees at the Average Rate of Exchange for Secretary of State's Bills.	Net Rupee Debt Incurred.	Total Net De Incurr (Column and 13	ry ills	Average Rate of Exchange for Secretary of State's Bills.
11.	12.	13.	14.		19.
					Pence.
45	43	1,01	1,44		24.75
29	28	--21	7		24.12
38	38	64	1,02		23.88
63	62	2,19	2,81		24.26
3,42	3,51	—5,67	—2,16		23.38
3,58	3,63	1,80	5,43		23.68
3,34	3,32	1,32	4,64		24.08
7,75	7,60	7,75	15,35		24.46
13,63	12,66	5,41	18,07		25.88
16,64	15,32	5,21	20,53		25.06
9,55	8,80	79	9,59	......	26.03
12,81	12,38	....	12,38		23.87
3,53	3,54	....	3,54		23.92
61	61	—35	26		23.98
3,94	3,96	—3	3,93		23.90
5,06	5,10	—1,04	4,06		23.77
9,51	9,85	46	10,31		23.16
10,25	10,55	68	11,23		23.30
7,42	7,70	—29	7,41		23.12
8,31	8,57	2,14	10,71		23.27
10,03	10,65	1,22	11,87		22.60
5,10	5,31	1,16	6,47		23.05
94	99	—27	72		22.81
1,28	1,37	—4	1,33		22.35
5,86	6,38	3,40	9,78		22.22
2,89	3,20	2,91	6,11		21.65
6,49	7,60	--85	6,75		20.49
6,56	7,57	3,06	10,63		20.79
1,24	1,50	3,85	5,35		19.76
2,08	2,50	3,87	6,37		19.96
1,63,07	1,65,83	40,12	2,05,9		22.29

*Rs.*2,07,94,00,000.

lation as follows:

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8)..

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count of Great Britain (Column 5)....................

ctions not included in this table..............................

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(Prese

THE I

Nov

59

59

5

(Presented by Mr. C

THE PRICE OF B

November.	Dec	REMARKS.
59⅞		very abolished. Compensation to owners, 20,000,000*l.* Re- egal tender.
59¾	59¾	Substitution of metallic currency for paper in the United
59½		t. Bank of United States wound up, owing to refusal of
60⅛	59⅞	n the United States. Spanish civil war.
59¼—59½		ounts refused. Many houses trading with the United States oria. Rebellion in Canada.
59½—59¾	60	ted States. Famine in various parts of British India. Aff-
60¼—60½		in specie. War with China.
60½	60¼	f London for settlement of Eastern Question.
59⅞		facturing industry.
59¼—59⅜	59⅛	d.
59¼		tions.
59⅝		Prior to September this year the Bank never reduced the
59⅜—59⅞	59⅛	
60⅛		Corn Laws.
59⅛		ef of famine in Ireland. Gold discovered in California.
59¼—59⅝		
59½	59½	England. Annexation of the Punjaub,
60⅜—61¼		
60⅜		
61⅛—61⅞	61¼	
61⅞—62⅜	61⅝	
61⅛—61½		
60 —61⅜		
62¼	61½	
61½—61⅞	62	mutiny. Loan of 1,000,000*l.* to East India Company.
61¼—61½	61¼	
62		y.
61¼—61⅝	61¼	
60⅞—61⅛	61	civil war begins.
61⅞—62⅛	61⅝	ricts. Panic.
61⅜—61¾	61⅜	pay for silver.
60⅞—61⅜		
61¼—61¾	61	
60⅞—61	60¾	ic. Bank declined to sell bar gold.
60⅜—60½	60⅜	0,000*l.* sent from France.
60⅜—60½	60⅜	
60⅜—60½	60⅜	
60½—60⅝	60½	
60⅝—61	60½	Peace between France and Germany.
59¼—59¾	59⅝	Commencement of decline in price of silver.
57⅞—58⅛	58	German Government announces the demonetization of
57¾—58¼	57	France, 12,000,000*l.*, mostly gold.
56⅜—56 13/16	56½	of gold to Germany. Continued decline in price of silver.
53⅛—55	55	n exchanges and bar silver, the latter having touched the
54 —55	53¾	r.
50⅜—50¾	49¼	failures. Russo-Turkish war ended.
53 —53¾	52	t. Marked diminution in production of Californian mines.
51⅜—51⅞	51⅜	of large quantities of gold in South India.

† The above total hampton, Venice, and Marseilles.

Pixley & Abell,
Bullion Brokers.

EXHIB

(Presented by MR. C

THE PRICE OF B

November.	Dec	REMARKS.
59⅞	5	very abolished. Compensation to owners, 20,000,000*l*. Re- egal tender.
59¾	59¾	Substitution of metallic currency for paper in the United
59½		pt. Bank of United States wound up, owing to refusal of
60⅛	59⅞	n the United States. Spanish civil war.
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60¼—60½		in specie. War with China.
60½	60¼	f London for settlement of Eastern Question.
59⅞		facturing industry.
59¼—59⅜	59¼	d.
59¼		tions.
59⅝		Prior to September this year the Bank never reduced the
59⅜—59⅞	59⅛	
60⅛		Corn Laws.
59⅛		ef of famine in Ireland. Gold discovered in California.
59½—59⅝		
59½	59½	England. Annexation of the Punjaub,
60⅜—61¼		
60⅜		
61⅛—61⅞	61¼	
61⅞—62⅜	61⅝	
61⅛—61½		
60 —61⅜		
62¼	61½	
61½—61⅞	62	mutiny. Loan of 1,000,000*l*. to East India Company.
61¼—61¾	61¼	
62		y.
61¼—61⅝	61¼	
60⅞—61⅛	61	civil war begins.
61⅞—62⅛	61⅝	ricts. Panic.
61⅜—61¾	61⅜	pay for silver.
60⅞—61⅜		
61¼—61¾	61	
60⅞—61	60⅞	ic. Bank declined to sell bar gold.
60⅜—60½	60⅜	,000*l*. sent from France.
60⅜—60½	60	
60⅜—60½	60	
60½—60⅝	60	
60⅝—61	60	Peace between France and Germany.
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53 —53¾	52	nt. Marked diminution in production of Californian mines.
51⅝—51⅞	51	of large quantities of gold in South India.

† The above total hampton, Venice, and Marseilles.

Pixley & Abell,
Bullion Brokers.

SIXTH SESSION

SIXTH SESSION.

SATURDAY, *May* 14, 1881.

MR. VROLIK presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India, and Canada,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden,
Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting.

The Session was opened at 2 o'clock.

THE PRESIDENT communicated to the Conference a letter in which the Minister of Finance, who had been summoned to Dijon to attend a funeral, expressed his regret at not being able to attend the Session.

The Minutes of the previous meeting were read.

MR. CERNUSCHI, Delegate of France, asked leave to supplement the remarks he made at the last Session respecting the profits realized by certain States of the Latin Union on the limited mintage of five-franc pieces. This profit could have been obtained only on pieces coined with silver bought at low rates, for instance, 1 to 17 or 1 to 18, outside the Latin Union, in Germany, for instance, and which might have been exchanged for gold, in France, under the legal ratio of 1 to 15½. It was but just to remark that the coins manufactured under these conditions represented only an insignificant fraction of the total amount of five-franc pieces coined in Italy. An official statistical document which Mr. Cernuschi laid on the table of the Conference,[1] showed in fact that the silver coined by the Italian Government from 1862 to 1879 came, not from purchases made abroad, but from the melting down of all the money of the various Italian States.

The Minutes were adopted.

MR. CERNUSCHI read the list of questions which he desired to address, according to the intention announced by him at the last Session, to the Delegates of Great Britain, British India, and Canada.

It was resolved that this list of questions should be printed and distributed among the members of the Conference.[2]

The general discussion of the *Questionnaire* was resumed.

MR. DENORMANDIE, Delegate of France, stated that he had no intention of discussing thoroughly, and in all its parts, the reasoning of the supporters of monometallism. Time would, doubtless, fail him for such a discussion, and he should be afraid, moreover, in entering upon it, of deviating, perhaps, from the reserve imposed upon him by his official capacity, and from which he desired not to depart.

There is, however, one objection made by Mr. Pirmez, said Mr. Denormandie, to which I am anxious first of all to reply. The honorable Delegate of Belgium endeavored to establish that the Conference was not competent for the task to which it had been invited; he maintained that it was contrary to true economic prin-

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[1] See Exhibit A, p. 231.
[2] See Exhibit B, p. 232.

ciples, contrary to liberal ideas, to try and fix by agreement, at an invariable rate, the ratio between gold and silver, and that, were such an arrangement concluded, the signatory States would be powerless to insure its execution.

Are these serious assertions well founded? Is it true that Governments are incompetent in monetary questions? Is it true that they have no right to settle all their details, especially that essential point, the relative value of the two metals, gold and silver?

For whoever reflects on the nature and origin of money, the reply to these questions is not doubtful.

What, then, is money? Without investigating theoretically whether it is a commodity or not, we may from the practical, and, as it were, utilitarian standpoint, define it as a value which is related to the greatest possible number of our requirements, in a a word, a universal instrument of exchange. The conditions which it should combine are known to all. It should be more easily transportable, more easily receivable than the various objects whose place, so to speak, it takes; it should, moreover, be homogeneous, easily divisible into small fractions, formed of a sufficiently durable material; lastly, it should be capable, without difficulty, of receiving the durable stamp which becomes, as it were, its patent of nobility. Money thus constituted appears in the history of humanity simultaneously with the earliest traces of civilization. At the outset, nations still barbarous exchanged merchandise for merchandise; gold and silver, already discovered, served only as ornaments. But this primitive, and, so to speak, rudimentary system did not outlast the savage state. As soon as sciences and arts had made some progress, as soon as communities were formed, monetary truth made its appearance; gold and silver were raised to the rank of money. It was evidently the result of a common understanding, a general concensus, a kind of convention. Under what form it is unknown, but the fact of this concensus is not doubtful.

None of these principles, none of these facts, are overlooked, it is true, by Mr. Pirmez, but, looking to the object for which the Conference has been convened, he denies that Governments have the power of causing two metals to co-exist, which in fact have never circulated together, he maintains that to try and decree this co-existence, and fix the mutual relation of gold and silver by giving to that fixity an international character, is to fall into the abuse and error of State interference, to exaggerate the legislator's influence, and to condemn oneself beforehand to failure.

Is this statement correct? No doubt, in the past, we meet with no international arrangement fixing the mutual relation of gold and silver, but why? Because there was then no common life between Nations, because their relations were relations of rivalry and conflict, not of harmony, or mutual understanding, because the quantity of precious metals in circulation in the world was exceedingly small, because there was then no stability in laws, but monetary legislation, like all other legislation, was subject to the caprices of authority, and there was no year when, at one point or another, money was not altered in weight, in fineness, and in value. In the single reign of Louis XIV., no less than fifty edicts on money have been counted up in France. Stability was, therefore, lacking, and with it the first and essential condition of any convention.

To-day all is different. Great intellectual, moral, and social progress, a wonderful development of all the forces of humanity, have, from the outset, marked the agitated but glorious century in which we live. Communities have become steady and regular, immortal discoveries have transformed the world, business has taken an unexampled development, nations have formed relations more and more stable, more and more peaceful, more and more intimate. All these relations are governed by international arrangements. Commercial treaties, navigation treaties, consular conventions, railway conventions, telegraphic conventions, literary conventions, conventions for the protection of trade-marks, for the protection of artistic and industrial property, all are various but concordant demonstrations of the necessity felt by the great nations of the two hemispheres that their mutual relations should be consolidated and developed, and reduced to certainty by diplomatic stipulations. There is scarcely a day when some one of the Parliaments of Europe has not to deliberate on a diplomatic treaty designed to settle the international relations of nations. Yet, there is a pretension to exclude from this sphere of diplomatic concert, money, the basis and guarantee of all these relations.

Money, however, has already become matter of international transactions, for in every country its legislation, formerly uncertain, has been completed and settled. The ratio of 1 to 15½ between the two metals has imposed itself by practice, by the force of things; it became the rule in France from the end of the last century, and the rule in international relations by virtue, not of a treaty, but of steady usage and of *de facto* agreement.

Such was the situation till of late. The general observance of the rule of 15½ had guaranteed to the Continent long years of mon-

etary security. All know to what extent this favorable state of things has been changed. Under the influence of causes which have already been sufficiently indicated, the equilibrium has been disturbed and broken, past stability has given place to a profound derangement, to a malady which nobody denies, and which calls for an immediate remedy. That remedy, if it exists, should, by the confession of all, have an international character, like the very evil it is designed to mitigate or cure. The question, therefore, is to negotiate a treaty. Can it be concluded? What will it be? Nobody yet knows, but what seems beyond doubt is, that it is useful, necessary, and urgent to try and frame it, that in endeavoring to lay down its bases the Conference is acting within its competency, within its right, almost within its duty. This it is enough at present to establish and place beyond discussion, subject to considering at the proper moment whether it is true, as affirmed by Mr. Pirmez, that the monetary system adopted by the Powers would not succeed in getting accepted by commerce and the public.

Having determined the right of the Conference, there is another point it is well to consider, the interest which commerce may have in the solution of the monetary problem in one direction or another. If the history of the last fifty years be examined from this point of view, if we try to understand the causes and effects of the various economic crises which have marked this half century, we arrive at singularly significant conclusions. We find that institutions of credit have had a much less severe ordeal in bimetallist countries than in monometallist countries, and we thus see demonstrated by facts with overwhelming evidence the superiority of the double to the single standard.

In 1837, 1838, 1839, a violent crisis raged in America. The Federal Treasury withdrew its deposits from the United States Bank, and to restore the metallic currency it flooded the English market with American paper. The situation at London became extremely difficult, and the Bank of England's metallic stock fell from 200,000,000 to 75,000,000 francs. This first example proves what an influence a country's monetary legislation may exert on the intensity of crises, and to what shocks monometallic markets, like that of London, are exposed. In 1837, the Bank of England was even forced to apply to the Bank of France, which lent it 50,000,000 of francs in credit securities, and which, thanks to the French bimetallic system, scarcely felt the effect of the catastrophes occurring at New York and London.

In 1847, the wheat crisis, common to both countries, breaks out.

In England, the act of 1844 is suspended, bills are limited to thirty days, numerous failures shake the market, and the rate of discount rises to eight per cent. In France, the crisis is speedily mitigated by the sale to Russia of national *rentes* to the amount of 50,000,000 of francs, and the rate of discount is kept at five per cent.

In 1857, a fresh monetary panic, the effect of American crises, breaks out in France as in England, and this time, too, it is much less intense on this side the Channel than on the other. The Bank of France is forced to raise its discount to 10 per cent., but only for a fortnight; whereas, the Bank of England, all its gold having been, as it were, drained by the United States, finds itself compelled to keep up its discount for six weeks at the high rate of 10 per cent.

In October, 1860, the Bank of England lacks no longer gold, but silver, it asks the Bank of France for it, and the latter, thanks to French bimetallism, is able to send to London 52,000,000 of fine silver for a like sum in gold.

In 1861, Russia, in her turn, endeavors to procure silver for coining fractional money; she, too, applies to the Bank of France, and the bank, rich in both metals, by virtue of the French monetary system, is able to furnish the Russian Treasury with 31,000,000 of fine silver for an equal sum in gold imperials.

In 1864, the cotton crisis is common to France and England, and occasions on both sides a rise in the rate of discount, but this dearness of money is much more marked in England than in France.

In 1866, owing to the excessive and imprudent development of limited liability companies, a fresh monetary crisis arises, and this time more intense. The Bank of England, suffering from the withdrawal of bullion, and the exhaustion of its reserve of notes, again obtains the suspension of the act of 1844, and its rate of discount varies between January and July, from 6 to 8 and 10 per cent. During the same year, the average rate of discount at the Bank of France does not exceed 4½ per cent.

Thus, in all these crises, occurring in such various periods, and in such different circumstances, we find the Bank of France less severely tried than the Bank of England. In forty-five years, from 1837 to 1881, the former alters its rate of discount only a hundred times, the latter makes it undergo 292 changes. It may safely be affirmed that the French monetary system is not unconnected with this result. The faculty, possessed by France, of resorting alternately or simultaneously to the two metals, enabled her not only to employ one or the other, according to circumstances, and ward off

the effects of their successive scarcity, but also to come to the aid, not without profit to herself, of those of her neighbors who happened to lack either gold or silver. The Bank of France was able, like a vast reservoir of coin, to satisfy the applications made to it on different sides, and this situation, equally profitable to all, was maintained without alterations as long as the mintage of silver remained free.

Since the suspension of mintage, since silver has been discredited before the law in several foreign countries, the state of things has altogether changed, and France sees herself menaced in her essential wealth, her metallic wealth, by the working of that balance of trade whose power Mr. Pirmez vainly seeks to question. If customs statistics are consulted we find that, from 1876 to 1880, the general commerce of France showed 21,335,000,000 francs of imports, and only 16,821,000,000 of exports. The excess of imports is, therefore, 4,514,000,000. What has been the effect of this fact on the movement of the precious metals and on the stock at the Bank of France? Here it is in two words. In 1876, France imported 598,000,000 of francs in gold; in 1880, she imported only 194,000,000 of francs. In 1876, she exported only 94,000,000 of francs; in 1880, she exported 413,000,000. The composition of the stock of the Bank of France has altered in the same proportions. It was composed in 1876 of 1,539 millions of francs in gold, and 640 millions in silver; in 1880, it comprises 564 millions in gold and 1,222 millions in silver. It thus lost in these five years 975 millions of gold, and gained 582 millions of silver. Nor is this, as Mr. Pirmez thinks, the result of a simple phenomenon of one metal taking the place of the other in the internal circulation; it is a question of an actual export, for the record of arrivals of gold in the United States allows us to trace, almost steamer by steamer, on the other side of the Atlantic, the effect of the withdrawals of coin from the Bank of France.

In view of this situation, many minds in France are uneasy, and ask not without anxiety what will be the result of this Conference. People say that if, contrary to all expectation, an assemblage like this should arrive at no practical result, silver might for a long time, if not for ever, be visited with complete discredit. They ask what, in that case, would be the position of countries under the paper money system; they even fear that if, owing to the discredit of silver, the civilized world becomes reduced to the exclusive use of gold, it may be threatened, in a more or less near future, with a dearth of money. With the development of business, with that

feverish movement which, with a full head of steam, carries along the commercial and the financial world, who would maintain that a single precious metal is sufficient to meet the ever-increasing requirements of the public? Who could foresee, with a limited metallic circulation, the consequences of a financial catastrophe, of a dearth, of a deficit in the production of gold? The banks would be forced to raise their discount to defend their reserves, and that rise in the rate of discount, in the existing state of European markets, and with a single metal, might rapidly assume the proportions of a disaster.

We can not even count, to ward off this peril, on an increase in the production of gold. That production diminishes rather than increases. It rose, in 1850, to about a million a year; it is now reduced by one-half, and nothing warrants the supposition that it will revive. In face of this marked falling off in the yellow metal, it would be rash to make the business world the interests of all, and, in a certain degree, the fate of mankind depends upon that metal exclusively. Nature has liberally responded to man's requirements; it has given him the two precious metals, with a suggestion as to their use, which can not be mistaken; it has nearly always offered them to him not singly and separate, but in proximity, and frequently combined. There would not merely be serious imprudence, but even a kind of ingratitude, in rejecting one of these gifts of nature and of Providence. Sooner or later, the return to the simultaneous use of both metals, in short, the rehabilitation of silver, will impose itself as an absolute necessity on the Legislature. It is good policy not to await that crisis, but to foresee and to take action in advance of it.

Mr. Pierson, Delegate of the Netherlands, asked leave to reply to the objections raised against bimetallism by Mr. Broch and Mr. Pirmez. He was struck, moreover, with the fact that most of those objections turned against those who formulated them, and really became arguments in favor of the simultaneous use of the two metals. Bimetallism, said Mr. Pierson, has been denounced, for instance, as contrary to economic science; it has been reproached with resting on the legal establishment of a ratio of value between two metals. But do bimetallists really assert this? No; they know as well as their opponents that law can do nothing against the reality of things, against facts, against economic principles, and they do not mean that the law ought to settle the relations of value between two commodities. They merely maintain that law

may exert a certain influence, not on the value itself, but on the causes which determine the relation of value between gold and silver. Now, this influence of the law is admitted by the monometallists themselves, by Mr. Pirmez in particular, inasmuch as, wishing to reassure the Conference as to the situation of the countries with the limping-standard, he maintained that the existing ratio between gold pieces and five-franc crowns would be kept up without alteration as long as the law continued to forbid the free mintage of silver. The bimetallic law at 1 to 15½ neither governs nor creates the relations of value between gold and silver; it confines itself to attesting, recognizing, and proclaiming the comparative utility of these two metals, which may serve the same purpose in different degrees.

Monometallists, it is true, reply that were this principle sound, bimetallists could just as well fix the mutual relation of the two metals at 1 to 2, or at 1 to 100, as at 1 to 15½, seeing that their system is based on an arbitrary appraisement of the comparative utility of the two metals. Monometallists forget that this comparative value of the two metals is not determined solely by their monetary use, on which the Legislature exerts a considerable influence, but also by their industrial use, which entirely escapes his influence. They overlook, moreover, that the bimetallist legislature in fixing the proportion of 1 to 15½ has, as it were, contented himself with ratifying existing facts, with legalizing the ratio indicated by commerce itself, and that that ratio held its ground without alteration for nearly a century, until the quite recent date when altogether exceptional circumstances arrived to impair it.

The preference which the public would accord to gold, and which would speedily result in the abandonment of the ratio fixed by law, is also objected against bimetallists. But is this preference of the public for gold as general, as certain, as marked as is asserted? Certain facts warrant a doubt of it. Thus, in several agricultural districts of the Netherlands, the peasants will not take gold, because gold pieces are not convenient either for retail trade or for the payment of small wages. Gold really responds to the requirements of only a very small minority of inhabitants of towns, or of wealthy fundholders. It is too heavy for large payments, and is, in that case, usefully replaced by notes or checks. It is, on the other hand, not divisible with sufficient convenience to serve in the settlement of small transactions, for which silver will always be preferred.

Even supposing the mass of the public have really a preference

for gold, is it imagined that that preference would suffice to place the yellow metal at a premium? This result might be obtained with the co-operation of the chartered banks, if the latter accepted the payment of a given sum with a smaller quantity of gold monetary units than of silver monetary units. But these banks, in Europe at least, are placed too directly under the influence of the State for them to think of acting in this way alongside, and under the authority, of a bimetallist legislator.

Monometallists also recall the so-called Gresham's law, according to which, when a country has the double standard system, and when the real ratio of value of the two metals no longer corresponds to the legal ratio, the depreciated metal always drives out the other, but is it imagined that the appreciated metal will indefinitely continue its emigration to countries where its value has increased without there causing a glut which will depreciate it in its turn? Gresham's law is, doubtless, opposed to the establishment of the bimetallic system in a small group of States, but not to its establishment on a territory embracing the most civilized countries of the world. It will, on the contrary, prevent the real value of the metals from deviating from their legal value.

The same reasoning also serves as a reply to another objection offered by Mr. Burckhardt-Bischoff. The honorable Delegate of Switzerland affirms that bimetallism is contrary to common law and equity, for it allows the settlement in silver of a debt contracted in gold; that is to say, that with a depreciated metal, one can pay for a metal which is at a premium. It is sufficient to remark, that if debtors thus adopted the fashion of paying their debts with depreciated metal, the very depreciation of the latter would disappear by reason of the multiplied demands which would be made on it.

There are no serious inconveniences in adopting bimetallism, but there would be serious perils in carrying out monometallism. It is certain that the better of these two systems, in order to become effective, should be adopted and applied every-where. Can this be hoped for? Were we certain of it, the results would be most serious. There is, in fact, in European and American circulation, a sum of four milliards of silver pieces, the value of which, as metal, is not equal to their legal value; there are, moreover, about two millions of notes and paper money, repayable in gold or in silver. Can it be denied that if these six or seven milliards of silver or paper were converted into gold, there would be the

risk of bringing about an immediate and terrible rise in the yellow metal, and, consequently, an unprecedented crisis?

Mr. Broch, Delegate of Norway, was anxious first of all to discuss the calculations submitted in the course of the previous Session, by the Delegate of Russia, respecting the quantity of gold coin which would be required by the countries under the paper money system, in order to resume specie payments. In that calculation, said Mr. Broch, Mr. de Thoerner estimated at 35 francs per head the amount of money which those States would need for such an operation. Is not such a proportion much too high? In the Scandinavian States, the quantity of gold money, including the gold ingots in the bank cellars, is 25 francs per head, and these States, owing to the chiefly agricultural character of their population, are in a somewhat analogous situation to the average population of Italy, of Russia, and even of Austria-Hungary. If an average proportion of 25 francs per head were adopted for these three great monarchies, instead of that of 35 francs, six milliards of francs in gold would no longer be required by them, in order that they might attain the gold standard metallic currency; only four milliards would be needed. Thus, Italy, which, at the proportion of 25 francs per inhabitant, would need 700 millions of francs in gold, is now asking only for a sum of 400 millions, which, as always happens, would undergo a somewhat considerable reduction on the very morrow of the loan, through the dispatch of money abroad.

It is certain, moreover, that it would be expedient, as Mr. de Thoerner has proposed, to reduce the amount of gold needed in the circulation by not subdividing it to excess, as has unfortunately been done, and by superseding instead, the five and ten franc pieces, and the five and ten gold marks by pieces of the same value in silver. The small gold pieces are very little liked by the public, they soon become worn, and are easily lost. A considerable quantity of them has been manufactured; in France, 211 millions of francs, in five-franc pieces, and 965 millions in ten-franc pieces. In Germany, 35 millions of francs in five-mark pieces, and 556 millions in 10-mark pieces. There must, altogether, have been coined 250 millions of five-franc, five-mark, and one-dollar pieces, and about two milliards of 10-franc, 10-mark, and 10-shilling pieces. Itwould seem desirable to withdraw these pieces from circulation, except a certain quantity of 10-franc, 10-mark, and 10-shilling pieces for internal use, which would not have the character

of international money. The demonetized pieces might be melted down and converted into 20-franc pieces, while silver could be substituted for gold in the manufacture of pieces not representing more than five or 10 monetary units.

Of all the European States having the paper money system, that which most pre-occupies us, because it is the nearest to resuming specie payments, is Italy. All of us, I am certain, continued Mr. Broch, concur in the sympathetic words uttered at the last Session by our honorable colleague, Count Kuefstein. We all know what were the exigencies which led Italy to give her notes forced currency; it was for the sake of the most sacred duty—the liberation of the country; it was to make Italy a nation, a State, instead of a geographical denomination, it was for reasons which are most of all to be respected; but Italy has done more, she had to regenerate quite a large portion of her territory, in which she found almost a *tabula rasa;* she has there had to create an administration almost out of nothing; she imposed on herself the highest and most burdensome taxes to meet her engagements; she has happily had very able men, who have managed their country's financial affairs, who succeeded, three or four years ago, in effecting an equilibrium in their budgets, and in shutting up their bank-note printing presses. They have seen the exchange rise nearer and nearer to par; they are now quite near it; the exchange, on London, if I am not mistaken, is about 26½ lire, perhaps even 26 lire. They now require a loan, to which we can only wish success.

We can only be surprised, that having to procure not Italian fractional money, a sufficient quantity of which she will find at the Bank of France, and which will serve to redeem 300 millions of francs of small notes, but 400 millions of francs in gold for the reimbursement of the large notes, she still clings to the principle of bimetallism, at the risk of thereby shutting herself out of two of the largest markets of the world, those of England and Germany, which will never accept the double standard.

England and Germany have made on this point Declarations which leave no room for doubt. If, in fact, there are reckoned up in those two countries economists, *savants*, men of mark, who pronounce in favor of bimetallism, there is, on the other hand, no statesman of any standing who ventures to propose the unlimited mintage of silver. These two powerful empires have definitively adopted gold monometallism. Countries, therefore, which should open the doors of their mints of silver, or should acknowl-

edge the white metal as unlimited legal tender, would thereby debar themselves access to the market of gold standard countries, or would at least doom themselves to entering only on conditions of burdensome inferiority.

The bimetallist States flatter themselves, it is true, with winning over to their system the vast Empire of India, which is now silver monometallist. It is probable, indeed, that this transformation of the Indian monetary system will happen some day, but it is not desirable that it should be realized now, for its infallible result would be to make part of the enormous mass of silver with which India is saturated flow to Europe, and to draw to India a certain quantity of European gold.

In short, universal bimetallism is not possible, for in Asia, India, and China are silver monometallic, and in Europe two of the chief powers are resolved on remaining gold monometallic. Failing the co-operation of Germany and England, or at least one of them, bimetallism, said Mr. Cernuschi, at the outset of the labors of the Conference, would be impracticable. What does he understand, then, by *bimétallisme à deux*, whose adoption he now suggests? The United States might put up with that system, because, in their capacity of large exporters of merchandise, payable in bills on London, they are sure of always keeping large quantities of gold. They could do so, also, because they would not be exposed to seeing silver flow to them; they are too great producers of silver for Europe to send them that metal, which they furnish, on the contrary, to Europe. The time is approaching, moreover, when the United States, sufficiently provided with coin, will no longer have to ask Europe for it, and when, in payment for their consignments of breadstuffs and raw materials to the old continent, they will have to demand in exchange greater and greater quantities of manufactured articles or of European securities; but, on either hypothesis, they will be no resource for Europe for the sale of its depreciated silver. Since November, 1878, the United States banks have mutually engaged not to receive silver coins on current account, even those which are legal-tender in America.

Bimetallists, it is true, raise an objection to the exclusive use of the gold standard, which Mr. Denormandie repeated in concluding his speech, and which deserves attention. They express a fear that the quantity of gold which now exists in the world, and that which may be annually extracted, are not sufficient to meet the requirements of Europe and of the United States, and that the scarcity

of money will cause a disastrous fall in prices. Already, say some leaders of the bimetallist school, the gold famine is foreshadowed, and this simple menace has, to a large extent, contributed to the enormous fall of all prices going on for five years in Europe. A single word is enough to dispel these fears; the present fall of prices is in no way disquieting; it is rather salutary. It is not at all the result of a more or less imminent gold famine; it is simply a reaction, equally legitimate and necessary against the exaggerated rise, which, from 1872 to 1876, had, as it were, carried away all merchandise. As for that rise, in great part factitious, of 1872, every body remembers what was its cause; it sprang from that unfortunate movement of the milliards—unfortunate especially for the States where it created the illusion of inexhaustible wealth, and where it served as a pretext for a sudden and abnormal inflation of prices; less disastrous, perhaps, even beneficial in a certain degree for the country which was thus sharply recalled to notions of industry, thrift, and economy, the sure and inexhaustible sources of national wealth. This fever of the milliards has now been emerged from; as in 1837–40, the fall which has lately occurred has corrected the exaggerations of the rise preceding it; but this fall has not exceeded the necessary limits, and we have merely come back to the starting point. There is no ground, therefore, for regarding it as a disastrous consequence of an alleged monetary scarcity, and for threatening Europe with a gold famine.

In my view, said Mr. Broch, in conclusion, the necessary solution is that Europe and the United States should accept the single gold standard; that silver should be reduced to the requirements of the internal trade of the various countries as fractional money. The art of statesmen is to comprehend and tend to draw inspiration from the great social movements of our time and race. I spoke of this in my first address, and I say no more upon it. It is the duty of statesmen to foresee the reforms necessitated by these great movements, to introduce those necessary reforms with a firm and dextrous hand. Hitherto, since Europe formed her existing civilization—since the fall of the old world, as it was called—it was France who, from the first, from the earliest centuries of the middle ages, always marched at the head of the social movement. This time she has allowed herself to be outstripped by other States. Let her resume her place, let that defective condition called the limping-standard cease. I am certain, I repeat, that that is the only definite solution of the problem we are here studying. How fortunate those

who, in these great movements, march in the van; theirs are the facilities, theirs are the advantages! Woe to the laggards, to the last comers; theirs will be all the accumulated difficulties; theirs will be all the losses.

The general discussion of the *questionnaire* was adjourned to Tuesday, the 17th May, at 1.30.

The Session terminated at 5 o'clock.

EXHIBITS TO THE SIXTH SESSION.

EXHIBIT A.

(Presented by MR. CERNUSCHI, page 216).

I.—SILVER COINS STRUCK IN ITALY, 1862 TO 1879, INCLUSIVE.

				Francs.
Silver coins at	835-1000	coined,	1862–1868	156,000,000
"	900-1000	"	1862–1879	364,637,025
	Total Mintage of Silver,		. . . . .	520,637,025

The mintage of subsidiary coins was suspended in 1868.

Net Total of Silver Coins of former Governments retired from circulation, 1862–1879:

	Francs.	
	539,419,839	
Deduct . .	520,637,025	mintage of new coins of the realm.
Difference, . . .	18,782,814	

A considerable part of the latter sum represents the loss suffered by the Treasury on the recoinage of old silver coin.

EXHIBIT B.

(Presented by MR. CERNUSCHI, page 216.)

QUESTIONS ADDRESSED TO THE BRITISH DELEGATES.

QUESTIONS RELATING TO ENGLAND.

I.—Had not any Englishman, and any person of no matter what nationality, a right, till 1874, of converting, at Paris, into five-franc pieces, either his plate or any quatity of silver, and was he not able with the five-franc pieces thus obtained, to buy, in France, bills on London payable in gold?

II.—Is it not the fact that the monetary par between Paris and London results from the comparison between the quantity of fine gold existing in the sovereign and in the 20-franc pieces?

III.—Does it not follow that the five-franc silver pieces having forced circulation in France at par with the 20-franc gold pieces, bills on London are just as obtainable with silver francs as with gold francs?

IV.—Does it not follow that any foreigner possessing silver could thus indirectly convert his metal into gold sovereigns at the French rate of $15\frac{1}{2}$; that is to say, $60\frac{13}{16}d.$ per ounce, less the expense involved in the operation?

V.—Does it not follow that the value of silver expressed in gold was every-where, till 1874, determined by the French law, which established the ratio of one to $15\frac{1}{2}$ between the value of the two metals?

VI.—Was not the clause in the Bank Act of 1844, empowering the Bank of England to issue, as representing a certain quantity of silver, bank notes, re-payable at sight in gold, justified by this fact of silver being always convertible into gold at Paris at the rate of $15\frac{1}{2}$?

VII.—Did not Sir Robert Peel himself declare, in the House of Commons, on the 20th May, 1844, that the silver thus lying at the Bank of England acted exactly as if it were gold?

VIII.—Is it not the fact that the issue of bank notes representing silver ceases to be justifiable from the moment when, by the disappearance of French bimetallism, silver is no longer convertible into gold at Paris at a fixed par?

IX.—Did not Sir Robert Peel acknowledge, in his speech of 20th May,

1844, that it was inconvenient for England to have a monetary metal different from that of other countries?

X.—Would not England be in a very difficult position if no nation except herself allowed forced circulation to gold?

XI.—If it is convenient that national money should, as regards material, be international money, is not the best money that whose internationality is the most extensive?

XII —Was not silver till 1816 universal money?

XIII.—Would England's creditors have been injured if, at the time the ounce of silver at London had a fixed value in relation to gold. instead of being paid in gold they had been paid in silver, especially if silver had been coinable at London as it was at Paris?

XIV.—In other words, if Sir Robert Peel, instead of the limited bimetallism sanctioned by the Bank Act of 1844, had carried a complete bimetallic law as in France, would the holders of contracts previously concluded in gold have suffered any loss?

XV.—Is not the old silver coin of France, Germany, and Holland, still at the par of 15½ with gold?

XVI.—Is it not evident that if England adhered, in 1881, to international bimetallism, the creditors in gold would be no more injured than the creditors prior to 1844 would have been, if at that date bimetallism had been established in England?[1]

XVII.—Did not Sir Isaac Newton, as Master of the London Mint, demonstrate in his Report to the Lords Commissioners of the Treasury, dated 21st September, 1717, that if the legal ratio between gold and silver was the same in England and on the Continent, it would no longer be anybody's interest to export or to import one metal rather than the other.

Questions Relating to India.

XVIII.—Is it not the fact that the law being gold monometallic in England and silver monometallic in India, English merchants having to send silver to Asia in payment of what they owed, were always forced, till 1874, if no silver arrived at London, to apply to the Continent for it?

XIX.—Is it not the fact that, generally speaking, the silver monometallic States of the Continent were not capable of supplying silver to England, the gold they would have received in payment not having forced circulation with them?

XX.—Is it not the fact that it was to bimetallic France the English had to apply in order to get silver in exchange for their gold, and that they were thus exposed to paying an agio on silver, that is to say, to giving rather more than one kilogramme of gold to procure 15½ kilogrammes of silver? And is it not the fact that if silver arrived at London, and they had no payments to make in India, the English offered rather more than 15½ of silver to France to get one of gold?

(1) See the observations following, p. 235,)

XXI.—Is it not the fact that the cost of mintage at Calcutta and Bombay amounts to 2 per cent.; that before the opening of the Suez Canal, the freight for monetary metals between London and Calcutta or Bombay amounted to 2 per cent., and that the voyage being longer, the loss of interest on the metal transported was greater than at present?

XXII.—Supposing India had been gold monometallic like England, would not the limit of oscillation in the exchange have been, with the cost of brokerage, transport, and mintage, between 5 and 6 per cent. below par, and 5 or 6 per cent. above, so that 100*l.* to be paid or received in India would have been worth in the London market from about 94*l.* to 106*l.*, according as one of the two countries was more or less the creditor of the other?

XXIII.—Could these oscillations of exchange between 94 and 106 have been avoided, seeing that instead of having a single metal as common money, India is silver monometallic and England gold monometallic?

XXIV.—Had not these oscillations of exchange the effect of making the quotation of silver at London oscillate with relation to gold?

XXV.—Were not the oscillations of the Anglo-Asiatic exchange, and, consequently, the oscillations in the quotation of silver, from the date of the opening of the Suez Canal until 1874, slightor than they were previously?

XXVI.—Subject to these oscillations and subject to some rare variations due to the dissimilarity of legislation, were not the value of the rupee and the quotation of silver maintained at London till 1874 at 1*s.* 10$\frac{5}{8}$*d.* and at 60$\frac{13}{16}$*d.*?

XXVII—Silver not being a monetary metal in England, was it not there merely a metallic remittance which could not remain on the spot without losing interest, but the quotation of which was only subject to the limited oscillations to which all letters of exchange are liable?

XXVIII.—Were the Calcutta and Bombay bankers able, on selling their bills on London, to require more rupees than were involved in the French ratio of 1 to 15½ between the two metals?

XXIX.—Was not the buyer of the bills guaranteed against the exaction of the bankers by the possibility of forwarding the rupees to Paris, where silver was of right worth 15½ compared with gold?

XXX.—Was not the price of the bills on India sold in London by the Indian Government always conformable with the ratio 15½, subject to the oscillations of exchange?

XXXI.—Has not the disappearance of French bimetallism had the effect of making the rupee lose its old value compared with gold.

XXXII.—Has not the disappearance of French bimetallism been disastrous to the Indian Treasury?

XXXIII.—How many rupees has the loss on exchange cost the Indian Treasury from the year 1874 to 1881?

XXXIV.—At how many rupees is estimated the loss by exchange for the year 1881–82?

QUESTION RELATING TO CANADA.

XXXV.—If the United States adopt, in accord with Europe, a bimetallic legislation, is it not the interest of Canada to follow the example of the United States?

GENERAL QUESTIONS.

XXXVI.—Is it not sufficient to cite the great fluctuations in the price of silver at London after 1874 as proof that there is no longer any great country where bimetallic legislation is in operation?

XXXVII.—Is it not sufficient, on the contrary, to cite the rates of silver at London during the years prior to 1874, to show that, at least, in a great country well supplied with gold and silver, the monetary law in force was bimetallic at 15½?

XXXVIII.—Is it not the fact that what is called the market of the precious metals changes its tone according as monetary legislations change?

XXXIX.—Is it possible to demonstrate that under a decided bimetallic legislation the relative value of the two monetary metals can evade the power of the written law?

XL.—Can it be questioned that if the legislation of a single great country sufficed to maintain for nearly a century the relative value fixed by it between the two metals, the same result will not be still more easily obtained by a legislative accord between several great countries?

XLI.—Considering that the English Government has declared it would refuse to introduce bimetallism into India, considering that one of the conditions of the bimetallic programme consists in postponing *sine die* the introduction of gold money into India, and that, consequently, on this point both sides are agreed, one asks wherein would consist the co-operation which the English Government still offers for assisting in the re-establishment of the value of silver?

XLII.—Would there be any disadvantage for England, and if so, what, if she adopted international bimetallism at the same time as the Continent and the United States?

OBSERVATIONS.

In order to explain clearly Questions XIII. and XVI., which are aimed at two objections which are always raised in England against those who proposed to make the coinage of silver as free as that of gold (at the international ratio of 1 to 15½), I reproduce the following passage of an address which I delivered at the Social Science Congress held at Liverpool in October, 1876:

"'The English sovereign will lose its value, its purchasing power will be impaired if silver is allowed to circulate as an unlimited legal tender.'

"This objection of the English gold monometallists is unfounded. If silver could really be driven out of circulation the value of gold would

increase. If silver had never been in circulation the value of gold would have been, and would be, greater than it is. But silver has always circulated; it has always competed with the value of gold; it still circulates, and the reduction which this rivalry might impose on the value of gold, gold has already fully undergone; it has nothing more to fear. Although, silver has not circulated in England, the value of English gold has never escaped the effects of the competition of silver. The proof of this is that English gold has never been, and is not, worth more than French gold, circulating side by side at par with the silver five-franc.

"With the French bimetallism the gold sovereign was worth in silver 15½ times its weight, just the same as the gold franc. The case will be the same under international bimetallism. The circulation of silver in England will, therefore, strike no blow at the value of the sovereign.

"'Breach of faith. The English have stipulated for payment in gold; if they are paid in silver they are aggrieved.' This is a pitiful scruple. They would be aggrieved if a given sum in silver was worth less than the same sum in gold, but they are not if the two sums are exactly equivalent; and international bimetallism makes them equivalent.

"The French creditor has never troubled himself whether he would be paid in gold or silver; he has always been indifferent to the color of the metal. The English creditor will be so too."

SEVENTH SESSION.

SEVENTH SESSION.

TUESDAY *May* 17, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India, and Canada,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden and Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting; with the exception of Mr. Dumas, the Delegate of France, who was detained at home by indisposition, and of Mr. Luzzatti, Delegate of Italy, who had been recalled to Rome by his Government.

The Session was opened at 2 P. M.

The Minutes of the previous Session were read and adopted.

Mr. SEISMIT-DODA, chief Delegate of Italy, laid on the table of the Conference a note designed to reply, at least partially, to the appeal for statistical information made by Mr. Cernuschi at the Fourth Session.[1]

Mr. Cernuschi read a list of special questions addressed by him to the Delegates of Belgium.

It was agreed that this document should be printed and distributed.[2]

Mr. DANA HORTON also submitted the list of historical questions addressed to the English Delegates, which had been mentioned by him at a previous session. It was decided that this document should likwise be printed and distributed.[3]

The Delegate of Norway proposed to add to the statistical interrogatories framed by Mr. Cernuschi the following request for information:

"The Governments are solicited to furnish detailed information, going as far back as possible, and, if practicable, giving data year by year, concerning the gold and silver coins offered for exchange at the mints, with the designation of the number of coins, their name and origin."

It was agreed that this question should be printed and distributed.

The order of the day was the continuation of the general discussion.

Mr. HOWE, Delegate of the United States, pronounced (in English) the following address:

Mr. President—If the idea has obtained anywhere, or with any one, that the Government of the United States urges upon the nations a bimetallic coinage, in order to provide a market for its silver, I wish to say, with considerable emphasis, the idea is a mistaken one.

Silver is, indeed, produced *in* the United States, but not *by* the United States. The mines within her borders have yielded in the nine years from 1871 to 1879, inclusive, something less than two hundred and sixty-four millions dollars of silver. That is less than

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[1] See Exhibit A, 283. [2] See Exhibit B, 284. [3] Exhibit C, 286.

an annual yield of thirty-three millions. But the Government does not work or own those mines. They are as free to the enterprise of a European as to that of an American. It is doubtful if they are a source of national wealth. A few great bonanzas have been discovered, which yield large profits. But gentlemen, well informed, are of the opinion that, in the aggregate, more money has been invested in her silver mines than has been realized from them. Gentlemen, well informed, are not of the opinion that the Government of the United States is legislating or negotiating in the interest of those who own the bonanzas. Gentlemen, well informed, are of the opinion that the proprietors of the bonanzas can take care of themselves. Gentlemen, well informed, are of opinion that the wheat crop of a single State is worth more than the silver crop of all the States. When the Government wants silver for any purpose, it can always buy silver at the market price. It should not be forgotten that the Government of the United States has contracted debts to the amount of nearly two thousand millions. That is nearly equal to 60 years' product of our mines. The debts of the United States are payable in dollars. A dollar is a specific thing, accurately defined by statute. The weight and fineness are strictly limited. It may be made either of gold or of silver. If made of silver, it must contain 412½ grains. If it weighs but 411 grains, it is not a dollar, and so is not deliverable. If, on the contrary, it weighs a pound, it is not a dollar, and so is not deliverable. Should the wisdom of the world combine to depreciate silver to 10 cents an ounce, there is no provision in our statute, and no clause in the contract requiring the Government to pay in gold dollars. I am not authorized to say the Government would elect to pay in gold dollars. I have, indeed, been told recently, by authority for which I have very high respect, that if the Government should choose to deliver silver at 412½ grains to the dollar, it would be compelled to take silver from all the world at the same rate! That is not so writ in the bond. Should the learned doctors impose that condition upon us, we shall doubtless comply; but it is hardly probable they will impose it!

Our Government, therefore, has no call to bull the market for silver. Nor has the Government any occasion to be envious of the popularity of gold. In the same nine years the mines within her borders yielded $55,000,000 more of gold than of silver.

It is not easy to depreciate one metal without appreciating the

other. Could statecraft discover some subtle alchemy which would transmute the silver of the world into dross to-morrow, I leave it to the economist to say how much less, or how much greater, would be the purchasing power of our annual gold products than is the power of both products now. But, whether greater or less, it must be conceded that the Government of the United States has no call to bull or bear the bullion market in either metal.

Other and greater interests concern that Government. Our people are farmers, not miners. They work a cheap and generous soil, under a genial climate. Our cotton crop in 1879 was valued at 242 million dollars. That is more than seven times the annual yield of our silver mines. The wheat crop for the same year was valued at 407 millions, which is more than twelve times the average silver crop. The maize was valued at 580 millions. That is more than eight times the average of a year's product of both metals, and almost eighteen times the average of a year's product of silver. The aggregate value of our agriculture for that year was computed at $2,240,000,000!

Doubtless, we are selfish, but not necessarily silly; at least, not unnecessarily silly. Statesmen will be slow to believe the Government of the United States has turned its back upon these enormous interests, in order to storm European sentiment on behalf of that comparatively petty interest embarked in silver mining.

We do not seek a pinched market, pining for our so-called precious metals. We rather wish to find a busy and lusty world, to help consume the really precious fruits of our agriculture. We seek a thrifty world to pay for them.

It is the profound belief of that Government that no such world is possible if its money is to be limited to a single metal.

If, indeed, money had no other office but to measure values, and if the world had contracted no debts, perhaps it would not much matter whether one or both the metals were employed in coinage. Such is not our happy condition. On the contrary, debts have been contracted, public and private. The debts of the principal nations are returned at nearly thirty thousand millions of dollars.

It is of infinite concern that those debts shall be paid. They can only be paid by the sale of commodities. Commodities can be sold only at the market value. When those debts were contracted the value of commodities was measured by a money standard, which comprised both metals.

The money of the world is to-day bimetallic. True; but one metal is employed here and only the other there; but the great fact remains that both are employed somewhere.

Silver in India helps to sustain prices in England, while the gold in England performs the same office in India. To enforce the payment of existing indebtedness, after either of the metals shall have been abstracted from the standard of value, is an experiment which I ardently hope will not be attempted during my lifetime.

But money performs an office other and higher than that of measuring values. It is the great instrumentality by which commodities are exchanged. For that great office both the metals are inadequate. Ages of experience have proved that. Accordingly, we see to-day, in all great commercial countries, the coin circulation is supplemented by paper issues. In some, the amount of such issues is limited by the law of convertibility; in others, no such limit can be imposed. I do not now remember one truly commercial country which has not, in the course of a century, been forced upon paper issues, beyond the limit of convertibility.

The demand for circulation grows with the world's increasing trade. We are in no danger of inundation from the precious metals. Enormous lines of railways being unrolled upon both hemispheres, great fleets of steam-driven ships, traversing all our seas, reveal a commerce, gigantic to be sure, but it is young. It is substantially the growth of but little more than two decades. If statesmen of the present time do not strangle the future, this child of 20 years will prove the mother of a commerce which defies calculation, and appals prophecy. When we shall find a redundant coinage, it will not be caused by prolific mines, but by stagnant trade. And when trade is crippled, production halts. Men will not sweat to produce what they can not consume nor sell. And it is not to be forgotten that the demonetization of silver means the retirement of not only nearly half the world's coin circulation, but of more than half of its convertible paper issues. It means to double the weights of existing obligations, and to compress the world's activities into half their existing scope. It means to consign the nineteenth century to a pauper's grave, and to lay the heavy hand of paralysis on the cradle of the twentieth.

It is, therefore, gratifying to remember that every State represented in that Conference which assembled in this city in 1878, joined in the cry, "It is necessary to maintain in the world the

monetary functions of silver as well as those of gold." Such was the solemn judgment of that great assembly of notables. Germany was not represented in that Conference, but the sentiments avowed by an honorable Delegate here leave no room to doubt she would have concurred in that admonition had she been present. The Conference did not say it was expedient; they declared it necessary to maintain in the world the monetary functions of silver.

There is no need to say that so long as the world maintains the monetary functions of silver, as well as gold, the money of the world will be bimetallic, not monometallic. Monometallism, whether as a theory or a practical system, was condemned by the Conference of 1878. It was condemned, not only by the final judgment of the tribunal, in the resolution from which I have just quoted, but it was condemned by the timely and precious utterances of some Delegates supposed to be most favorable to a gold standard. Thus, Mr. Goschen, from England, held this energetic language, "I merely desired to combat the theory of the economists who demand the universal adoption of the single gold standard, a measure which, in my view, might be the cause of the greatest disaster. I maintain my assertions in this connection absolutely. I believe that it would be a great misfortune if a propaganda against silver should succeed, and I protest against the theory according to which this metal must be excluded from the monetary systems of the world."

On another day the same eminent authority said: "A campaign against silver would be extremely dangerous, *even for countries with a gold standard*," and on the same occasion he asked, with an energy quite justified by the importance of the question: "If all States should resolve on the adoption of a gold standard, would there be sufficient gold for the purpose, without a tremendous crisis?"

In the final report made by the English Delegates to the Lords Commissioners of the Treasury, they commended their own labors in that Conference in these words: "We trust we may be considered to have made some contributions towards averting what might be a suicidal tendency in several quarters to hasten the disuse of silver as currency."

These eminent gentlemen spoke too timidly of there own merits. They spoke, too, tenderly of that fatal tendency which they combatted. If that tendency was suicidal, why not murderous also? If it would be fatal to the commercial life of Germany or

of the United States to hasten the disuse of silver, why not fatal to the commercial life of Great Britain also? "A campaign against silver," said Mr. Goschen, "would be extremely dangerous, even for countries with a gold standard." The earnest protests of the British Delegates not only "contributed to arrest" that campaign, they arrested it. The whole armament was disbanded.

I do not forget that Mr. Goschen emphatically declared it would be impossible for him and his colleagues "to support any declaration in favor of a double standard."

To be sure not! Bimetallism is a name. The British Delegates disowned it. What they stoutly insisted upon was *not a bimetallic* standard, but a standard comprising *two metals.*

England said, in 1878, what she had said for more than 50 years: *We will not maintain the monetary functions of silver in the kingdom; but she said, with great emphasis, those functions must be maintained in the world.*

This last sentiment was echoed by the whole Conference. Monometallism was condemned by the unanimous verdict of that Conference.

But, if it be truly necessary that the monetary functions of silver, as well as those of gold, should be maintained, it seems quite rational to conclude some one must maintain them.

Who shall assume the duty of maintaining silver, and who shall maintain gold?

The favorite method of meeting the necessity seems to be to divide the two metals among the nations; assigning silver to this and gold to that; to make partition of the standard of value.

We read of a conclave of statesmen who, some centuries ago, sat down to make partition of Christ's raiment.

However equitably the parcels were distributed, we may be sure the integrity of the suit was destroyed.

And, however fairly these two metals may be divided between the nations, it is quite certain the integrity of the standard of value will be destroyed.

I think I might say, without danger of contradiction from any lawyer here, that a common standard of value is not the subject of partition; that the nations hold it, not as tenants in common, but as joint tenants.

I waive that suggestion. We know, the world knows, to its cost, that the *two metals* can be divided, whatever may become of the standard of value.

Very well; let us proceed to the division. Having resolved that the world must have both metals, and that no country ought to attempt to maintain both, let us abandon the attempt to form a bimetallic union, and resolve ourselves into a commission for actual partition. To whom, then, shall we assign silver; to whom gold? The professors of monetary science tell us there is a scientific principle upon which the partition may be made. Unhappily, they do not agree as to that principle. In one school, we are taught that gold should be maintained by the rich nations, and silver by the poor. In another, we are taught that gold should be assigned to the Western nations, and silver to the Eastern. Either principle, in application, would lead to awkward results. This Conference would probably have too much regard for economic truth to assign Germany, Holland, Italy, France and the United States to the category of poor nations, and surely too much regard to geographical truth to assign either to the category of Eastern nations. Either principle, therefore, would require those five States to throw down the silver standard and take up the gold standard. Any gentleman can calculate for himself what a supply of silver would thereby be thrown upon the market, and what a demand for gold would be made upon it. Under such a movement the question of Mr. Goschen recurs with portentous significance, can the gold be had without a *tremendous crisis?* The Conference of 1878 wisely, as I must think, declined the work of actual partition. It affirmed the necessity for maintaining the monetary functions of silver as well as those of gold, but left the duty of maintaining either to volunteers. Their language was: "The selection for use of one or the other of these two metals, or of both simultaneously, should be governed by the special situation of each State or group of States." That system has been tried, and has signally failed. The volunteers do use silver, but do not maintain its monetary functions. It is the function of money to measure and to determine values. Silver, as employed by the volunteers, does not determine values; on the contrary, it confuses values; it confounds them. It is self-contradictory; it reports one thing on one day, and another thing on the day following. Such is the situation, as I understand it, with which we are confronted. Silver must be maintained in the standard of values. Left to the voluntary choice of nations, it is not so maintained. We have no common parliament empowered to say who must and who need not maintain it. What shall be done?

The Government of the United States steps forward to say

frankly and in good faith: We recognize the common necessity affirmed by the Conference of 1878; we are ready to do our full share to meet it; we will stand side by side with other States represented here, in maintaining the monetary functions of both metals; we will concert with you the proper relations between the two; we will open our mints to the coinage of both upon such rates as we shall together deem just, and upon that ratio we will hold each to be the peer of the other in all our trade, domestic and foreign. If any fairer way of meeting this acknowledged necessity exists, I have not heard of it, and I can not conceive it.

And now, for a moment, let me consider the objections urged against this way. I shall do the cause of the remonstrants no injustice if I assume that no serious defect is likely to be found in our plan which has not been revealed by the very able Delegate from Belgium. I have tried to comprehend his argument as well as I could by the aid of a very diligent and, I hope, faithful translation. What is the argument? First, he assures us, we have aggravated the nature of the malady to be treated, and wholly mistaken its locality. He has been through the hospital with evident care. He divides the patients into three groups: consisting, first, of the gold standard States; second, of the paper money States; and third, of the States having really a gold standard, but pieced out with bimetallic rags! The first group, he assures us, are well; never better. The second, though ailing, he argues plausibly, would not be benefited by our prescription of a two-metal standard, because, at present, they can keep neither metal on their stomachs. The third group he admits to be feeble, even crippled; but, if worth treating at all, are not to be benefited by the treatment proposed, but only injured thereby.

Accepting, for the moment, that report of the condition of the hospital, I respectfully submit, it is not well for the family of States, not even for those favored members who now lie in the middle of the bed, warm and dewy, under the protecting folds of that blanket which is supposed to be woven from the golden fleece, when so many of their sisters lie uncovered, freezing and stiffening by their side. Sooner or later, the death damps must penetrate to the very center of the couch.

But, sir, has not the honorable Delegate himself fatally mistaken, not only the nature of the malady, but the location of it? To me, it seems a disease not peculiar to this State or that, to this organization, or the other. It seems to me, rather, a disease which has

fastened upon an interest, or, if you please, an industry, common to all States.

What is the disease? It is not that 10 Indian rupees are not equal to an English sovereign. It is not that 15½ ounces of silver, of the French or American standard, will not buy an ounce of gold in the London market. The trade of the world would readily adjust itself to any given ratio between the two metals, if that ratio could be once fixed. The difficulty is, the ratio is not fixed. It is oscillating; it is sensitive; it is influenced, not merely by the acts, but by the threats, of every State. Look at the facts.

That ratio fluctuated, during the year 1878, between 17.14 to 1, and 19 to 1. In 1877, the vibrations were less. In 1876, they were much greater. According to the Director of the United States Mint, the relative value at London, in January, was 16.10 to 1; and, in July following, it was 19.48 to 1. Such a vibration must make trade giddy. Other authorities make the oscillation still greater. But, we are told, if silver went down, gold went up; and how does that hurt the gold States? Considered merely as owners of coin, that did not hurt them at all. But, in the next six months, the rates flew from 19.48 to 1 to 16.50 to 1! How did the gold owners enjoy that?

That is, however, a very narrow view to take of the subject. We must not forget that it was the standard by which commodities are valued which underwent such violent oscillations. If quantity is to be measured by a standard which alternately expands and contracts, what matter who holds the standard at any given point of time. The great point is to sell when the measure is smallest, and to buy when it is largest. The standard of value is not applied in the same way as the standard of measure; and so it is true that oscillations in the former do affect him who holds the standard, as well as all who buy and sell according to it. We must remember that the States whose representatives deliberate here, conduct an enormous exchange of commodities in the course of a year. The year-book returns their aggregate exports for the year 1878 at 771,245,699 pounds sterling, and their imports at 929,140,677 pounds. The statement is avowedly but quite partial as to five of the countries. We are, therefore, forced to conclude that our common constituents bought and sold, during the year 1876, commodities to the aggregate value of nearly 2,000,000,000 pounds sterling; valued by a standard composed of two metals, one of which fell, during the first six months of the year, from 16.10 to 19.48 to 1,

and, during the last six months, swung nearly the whole way back again.

Only he who knows that the merchants of his country always bought when the standard of value of shortest, and always sold when it was longest, can say, with confidence, that his countrymen were always happy; and the man who knows that, is *not* a Delegate here.

I protest I have no wish to propagate hypochondria in this assembly, and yet I can not quite accept the clean bill of health given by the honorable Delegate from Belgium to the so-called gold standard States.

I think it safer to conclude, with Mr. Goschen, that whatever policy depreciates silver does menace the gold States. I can not avoid the conclusion that, whenever you tamper with the standard of value, you do menace every State and every human being who uses it.

I, therefore, recommend bimetallism, not as specially needed by one State or another, but as essential to the integrity of that standard by which you determine the value of every commodity which the world buys or sells.

Still, we are cautioned against the prescription. We are told bimetallism will knock away the bulkheads which now confine silver to a part of the world, and will inundate the whole world; that upon States which now have too much silver, it will pour more, and upon States which have none, it will pour too much.

We are even amused with the conceit that France and the United States are conspiring for a bimetallic union, each chuckling over the idea that it will, by its aid, unload its silver upon the other. We are encouraged to believe that, as soon as a common rate has been established for silver in all markets, cargoes of five-franc pieces will leave Havre to be coined into dollars by the United States, and cargoes of dollars will leave New York to be coined into five-franc pieces by France! We are even startled with the idea that, so soon as all the sovereignties represented here have decreed a common par between gold and silver throughout their dominions, Indian rupees will put on their boots and start for Liverpool, while British sovereigns will take wing for Calcutta! I disbelieve all such transmigration. I doubt the practicability of creating a brisk trade between markets remote from each other by exchanging things which have precisely the same office, and the same value in both?

But why endeavor to fix a par between silver and gold? we are

asked. It can only be done by pulling down gold as much as we elevate silver. Precisely. The object is to unite them both in one standard. If you were to sever a muscle of your leg and send for a surgeon to close it, you would hardly expect him to object that it could only be done by drawing down the upper section as much as the lower one was elevated! The point is to have them unite.

The same general idea found expression by the honorable Delegate from Belgium, when he said, in 1878: "You do not facilitate transportation when you lash a fast boat to a slow one; you retard one as much as you accelerate the other."

Beyond all question. But if your freight consists of a single parcel which can not be loaded on one boat, can you contrive a better expedient than to lash the boats together? A commerce of enormous bulk is embarked upon these two metals. When a seam opens between them, fortunes disappear. Is it not better to lash them together?

But, we are told, they can not be lashed together; that the laws of trade defy political regulations, and that whatever States may decree, only intrinsic value can give authority to money.

All history refutes this assumption, but let it be conceded; has not utility some authority over intrinsic value? And what, besides air and water, is more useful than money, with which all debts may be discharged, all injuries redressed, and all things which move in the air or on the earth, or through the waters under the earth, may be bought and sold? When Europe and America shall have combined to confer this universal, incessant, imperious utility alike upon two coins, the broker will as soon think of asking boot when swapping pins, as of earning commissions by the exchange of those coins.

The only argument I find it hard to combat is that with which the honorable Delegate opened his speech. The confidence with which he foretold the defeat of bimetallism was depressing to us, who had hoped for a better result. It must fail, he concludes, because Germany, Belgium, Great Britain, and the Scandinavian States will not accept it.

Very well: I conclude, with Lady Macbeth, that "if we fail, we fail." But, in view of recent history, one who ventures upon the domain of prophecy should move with caution. Only 14 years ago a Conference assembled in this city, representing 19 States, including France and the United States, unanimously recommended the universal adoption of a gold standard. Only three years ago another Conference, with equal unanimity, resolved that the monetary

functions of both metals *must be* maintained. All we have surely learned since is, that the plan proposed by that Conference for maintaining the functions of both is abortive. It is evident that the next thing to be tried is, in the language of the circus, "something else."

In this connection, it is important to remember that the plan now proposed is, that of a union upon perfectly equal terms. I venture to predict we shall have that or nothing.

I have listened with interest, but wholly without sympathy, to the various suggestions which have been offered for the relief of the silver market. I heard the candid statement made by the honorable Delegate from Germany, in the opening of these deliberations, to the effect that the Empire will proceed with caution in making future sales of her silver, and may possibly be willing to coin a few more discredited millions. I heard the encouraging suggestion of M. Pirmez that, when Italy shall resume specie payments, we, who are limping with an excess of silver, may shove some five-franc pieces on to her. I listened to the flattering idea of Dr. Broch, that we may be able to stack up more millions in India and the East. I have even heard it whispered that, rather than see us poor cripples actually sink, some of the gold standard States might, in some generous Christian mood, consent to carry a little more of this leprous silver. It is all very kindly meant, but I respectfully submit it is a mistaken kindness. Let me repeat once more: the United States Government does not seek a better market for a depreciated coin. Its purpose is to reform your standard of value by extirpating from it all depreciated coins. We do not wish to load any of our sister States; we wish rather to unload them all. We invite you to a union which will eradicate depreciated coin from our monetary system. If you can not accept our invitation, do not seduce us into a union to perpetuate the reign of such coin.

Mr. President— The people who sent us here have sought a stable standard of value with great diligence. To them it is of the first importance. They are farmers, not traders. Seventy-six per cent. of their annual earnings are from the soil. They have but one seed time and one harvest. If it be important to the British merchant that the standard of value should not change while his cargo is going from Liverpool to Brazil, much more is it important to the farmers of the United States, who, in the spring time, invest a thousand million in one venture, that the standard of value

does not decline before they have gathered and marketed their harvest.

Sir—I fear Europe does not remember through what sacrifices our people have sought stability for that standard which measures the cost of every planting, and the value of every crop. Let me remind you. Less than 20 years ago our people were doing business with a paper circulation, depreciated until three dollars would but little more than purchase one of coin. You remember to what a dizzy height prices mounted. Enormous taxes were levied upon the people annually. Our interest account rose to more than 143 million dollars a year. Our pension list is more than 40 millions. Since the war closed, in 1865, our annual taxes have defrayed our annual expenditures, and have, besides, paid off more than 800 million dollars of the national debt, and during all that time prices have been subjected to that remorseless compression which results from steady contraction of the circulation.

No man has bought who did not know he would sell to a shrunken market. No man has planted who did not know that the standard which measured the cost of his seed and his labor would by no means be accepted to measure the value of his crop. We have trod the wine-press. We hoped we had achieved the victory. Neither Treasury nor bank has a note on the market which will not command coin on presentation.

Still we have not found the stable standard which we sought. It no longer oscillates from the presence of a depreciated paper, but from the presence of a depreciated coin.

If, as is so confidently predicted, we are to leave this Conference crowned with defeat, it is not for me to say what course our people will take, for I do not know. It is hardly probable, a people who have endured so long will faint so near the end. They have fondly hoped, with the aid of their sister States, to forge a single standard from a double coinage. If that aid is denied, they may possibly persist in the effort alone to hold the two metals in equipoise, while half the States are jumping on one and half on the other. But that is very difficult; and if you persuade them at last that they must surrender one metal, and that the only blanket which can give warmth is the golden one, they may conclude to throw away all bimetallic rags and seek for a part of that blanket.

I know quite well, that the only condition upon which we can hope to share that blanket is that we sell to the world more than we buy from it; and I know, as Mr. Pirmez has reminded us, how delusive these reported balances of trade may be. But our people

produce food, and food is a prime necessity to all industry. We shall, therefore, hope to continue to trade with the world upon *some* terms; and, besides, when I learn that during the last fiscal year the deposits of gold at the mints and assay offices of the United States included not only thirty-five millions of domestic production, but 62,550,837 dollars of foreign coin and bullion, I am persuaded that what *we* call the balance of trade is something better than a delusion.

The chief DELEGATE OF THE NETHERLANDS spoke as follows:

Mr. President, and Delegates,—It is not without a certain hesitation that I rise to speak. One of the illustrious *savants* of France, whom I have had the honor for a number of years of knowing personally, and whose words are always listened to with respect, even by those who do not share his opinion, Mr. de Parieu, said, recently, in the Senate, "when the Minister (the honorable President of our Conference) in recording with optimism the list of conversions to the double standard which he hoped for includes the honorable Mr. Frère Orban, I can reply that I think that eminent financier too enlightened to be placed on that list, and, as for myself, I beg him not to include me." Well, gentlemen, notwithstanding this far from flattering judgment expressed by Mr. de Parieu on the conversions to bimetallism, I do not hesitate to avow that I am among the number of the converts. Not wishing to abuse your valuable time, I will give you as succinct an account as possible of the phases through which the monetary system has passed in our country, of the process through which we at last arrived at bimetallisn.

For more than 40 years I have been interested in the monetary question; allow me, therefore, rapidly to go through the phases which we have traversed.

When the United Provinces of the Netherlands and Belgium were united under a single scepter, both countries had a great variety of coins, for formerly nearly every Province claimed a right of coining money. A monetary law was passed in 1816 under King William the First. Its object was to arrive at a currency having the old florin, called the florin of 200 *as*, as the unit. But, at the same time, a gold piece of 10 florins was allowed. The florin consisted of 9.613 grammes of silver. The 10 florin piece contained 6.056 grammes of gold. The ratio was 1 to 15.873. It is to be regretted that it was then decided to take another ratio than that of 15½, which existed in France. Moreover, to respond to the desire of the inhabitants of Belgium, the franc was accepted in the public

treasuries, but at too high a rate. It was accepted at 47¼ cents, whereas it was only worth 46.8 cents. The result, as our honorable colleague, Mr. Pirmez, has remarked, was, that the new 3-florin pieces on leaving the Brussels' Mint went to the Lille Mint to come back in the shape of 5-franc pieces.

The law was languidly carried out; for the greater part gold pieces were coined, and in proportion as gold was coined it became more and more difficult to coin silver. Then came the political events of 1830, the separation of Belgium from Holland, war expenditures and financial difficulties. Not till 1844 was the recoining of the old money seriously undertaken and vigorously carried out.

The monetary law had already been altered in 1839. Side by side with the worn silver coins there were 5 or 10-florin gold pieces which had been coined to the amount of 172½ millions of florins. The worn and clipped silver coins not being available for international transactions, gold formed the basis of exchange. This was regulated not by the florin, but by a tenth of the 10-florin gold piece. All difficulties, it was thought, could be obviated by adopting a florin of exactly 10 grammes weight corresponding to the decimal metric system we had already long adopted, and .945 fine. As long as the gold coins remained in circulation, and they were of great use while the recoinage was going on, there was thus a bimetallism with the ratio of 1 to 15.504. From 1842 to 1849 more than 85¼ millions of florins in nominal value were called in, and were recoined in new silver pieces. This operation cost the State eight millions of florins, more than seven millions being a loss on the nominal value of the old, worn, and to a large extent, shamefully clipped coins, the work of ignoble hirelings.

Before actively commencing the recoinage of our old money the question had been maturely considered whether the gold standard should be adopted, or the silver standard, while retaining gold till the end of the recoinage in order to facilitate that important operation. Silver was resolved on. For more than a century and a half the florin had been the unit of all transactions. Objection was felt to a unit which could not be paid except in small change. I have always thought there was something very factitious in the gold standard for States whose monetary unit can not be paid in gold. Only in England can the unit be paid in gold. In other States a gold piece weighing 0.673 grammes (florin) can not, any more than a piece of 0.3225 gr. (franc) or 0.398 gr. (mark) be manufactured on a large scale or serve as currency. Every citizen

would need to be provided with a magnifying glass to examine it, and with very delicate hands to handle it. On this point it is unquestionable that, with the exception of England, the gold standard has something factitious, I may almost say unnatural, which has not, perhaps, been sufficiently considered.

To revert to our recoinage, I repeat that our decision was in favor of silver, because it best corresponded to the extent of our wealth and to our average requirements; to which, for example, is to be attributed the fact which my honorable colleague has mentioned, namely, that our farming population object to gold because they can not use it in paying their laborers. Silver was deemed to correspond best to our manners and customs, with the tenor of all contracts, and it would not expose our currency to the dangers which every prudent ruler must admit to be more particularly attached to gold.

The management of our greatest institution of credit, the Netherlands Bank, also declared against gold; first, on account of the necessity of joining to it silver money of an intrinsic value below its nominal value, and the necessary quantity of which might far exceed the estimates made beforehand; and, secondly, because gold, on account of its greater variability of value (this was said in 1845), and of its easy transfer from place to place, must necessarily give rise to more frequent oscillations in the rate of stocks.

In proportion as the recoinage advanced, attention was devoted to the necessity of instituting the single standard. By the law of the 26th September, 1847, the system of the single silver standard was adopted. I dwell on this date because it will be seen that our monetary legislation preceded the discovery of the gold placers in California and Australia. I am anxious to show that it was not a fear of the depreciation of gold, or, as Mr. Léon Faucher expressed it, the "insurrection of fear," which served as our motive. It was the pure and simple result of what experience had taught us. The single silver standard having been legally proclaimed, it remained to give all the inhabitants of the kingdom an opportunity of getting rid of their gold.

That opportunity was given them in June, 1850. A total of 50 millions, not reaching one-third of the gold pieces which had been coined, was offered by the public. It was sold in 1850 and 1851, by the Government, which thereby lost rather more than a million. Altogether, the Netherlands did not hesitate to sacrifice more than 10 millions of florins, in order to withdraw all the old silver money, replace it by new, and, by the demonetization of gold, to attain the

silver standard. Before leaving this subject, allow me to tell you that the above-mentioned law of September, 1847, admitted trade coins in gold by the side of the legal silver coins and fractional money. Besides the ducats, which are still in demand from time to time, there were *guillaumes d'or*, with double and half *guillaumes*. These pieces were inscribed only with the weight and fineness. Now, this system may be said to have completely failed. Thus, though the gold *guillaume* was coined of the same weight and fineness as the old 10-florin piece, which was much in request, people would not have it. The uncertainty of its value made the piece unpopular. During the years 1851 and 1853, only 10,000 *guillaumes*, 10,000 half *guillaumes*, and 2,636 double *guillaumes* were coined, and since 1853, not a single one has been coined. I thought it was not unprofitable to direct your attention to this point. From time to time, this idea of ingot-money finds champions. Put in practice with us, nobody would have it, and the case would probably be the same every-where else.

Let us revert to the monetary system of the Netherlands, in the organization of which I took a very active part under Baron Van Hall's ministry, and that of his successor. You will easily understand that we silver unimetallists felt quite comfortable when, the demonetization of gold being completed, the California and Australia discoveries gave rise to great apprehensions, and created fears of a probable fall in the value of gold. As to our currency, we felt ourselves well off in the best of all possible worlds.

The price of silver remained stationary for large transactions until 1872. Only in small transactions did it offer, from time to time, some slight fluctuations.

With us, gold and silver are always sold by reckoning the price of the pure metal, not the price of metal of a certain fineness.

As I have the honor of telling you, our legal coins are .945 fine, so that, with a kilogramme of fine silver, 105 florins 82 cents can be manufactured in florins or half florins.

Well, gentlemen, from the time of the law of 1847 down to 1872—that is to say, during twenty-five years, everybody was invariably able to sell his silver to the Netherlands Bank at the price of 104 florins 65 cents. That institution invariably, therefore, retained 1 florin 17 cents, for cost of coinage, transportation, interest, etc. Bear in mind, too, the price of silver at Amsterdam did not change, and was in no way affected by the production of the mines, which underwent such considerable oscillations in various years, between 1850 and 1871, varying from 742,000 to 1,152,800, or nearly

70 per cent. If this experience is considered, can it be denied that law has a preponderating influence over the price of metals, and that production and demand do not alone govern it.

The agreeable repose which Holland enjoyed was seriously disturbed when Germany changed her monetary system, and adopted gold as her sole standard.

A commission was appointed (I had the honor of being a member) to advise what was to be done in these circumstances. It proposed to prohibit the free mintage of silver, and this was done by the law of the 21st May, 1873. As long as there was still a hope of Germany keeping to bimetallism, the commission merely proposed to coin a gold piece side by side with the silver money. When Germany adopted the single gold standard the Commission proposed to do the same, but this idea did not prevail in the States General, so that we have now a gold piece with free mintage, side by side with silver pieces, whose mintage is still prohibited, but gold pieces and silver pieces are unlimited legal tender. We have, therefore, what it has been agreed to call the limping system.

Is it desirable to remain there? Nobody thinks so. If the coinage of various pieces of the same weight, which should circulate in a considerable group of States, is ever affected, it will be the 25-franc piece which will be especially aimed at. Our 10-florin piece contains 6,045 grains of fine gold. If the 25-franc piece is ever coined, a 12-florin piece may be coined by us, containing exactly the same quantity of gold as the 25-franc piece.

You see, then, that the Netherlands like to share in all measures which, without injuring their own nationality, may serve to bring together the various nations.

Allow me to tell you that, when the coinage of the new gold piece began, and more than 74 millions of florins have already been manufactured, the price of gold acquired nearly the same stability as that of silver during the preceding period.

The conclusion to be drawn from these two facts is obvious enough.

This, gentlemen, is, therefore, the way by which, after having been more than a quarter of a century an avowed partisan of unimetallism, I have arrived, by the force of circumstances, at declaring myself a bimetallist, but on the express condition of this system being adopted and put in operation by a considerable group of States. Every body is agreed that the depreciation and the oscillation in value of silver are a great misfortune for commerce, industry, and the welfare of all nations.

But there is no agreement as to the means of remedying this evil. Bimetallists offer a remedy—a remedy, in my opinion, effective, and, at the present time, the only practicable one.

Unimetallists offer no remedy for overcoming, or even for mitigating the existing evil, the fall of silver. Of all the ardent champions of gold, I have not heard one tell us what must be done with all this silver which will become useless. Is the thing so immaterial? I do not think so.

I render homage to the German Government, which, without abandoning the gold standard, is willing to take certain engagements which, perhaps, would serve to arrest the fall in the price of silver. It is a step which unimetallism makes towards us, and the importance of which must not be disregarded.

Gentlemen, there are sonorous phrases which people like to repeat, and which, eventually, everybody repeats, without considering whether they are true or not.

Among these phrases I reckon this, that gold should be the standard of the most civilized nations, and silver that of the more or less barbarous nations. Others have said that gold was for Western nations, silver for Eastern ones. People have even gone the length of saying that nations with paper money could resume specie payments only in gold, lest they should be twitted with belonging to the less civilized nations. I regard this doctrine as thoroughly fallacious.

Gold serves for paying large sums, it serves for international transactions; silver serves for small payments. I consider it very natural that all those for whom gold is not a chimera, prefer filling their purses with gold pieces, and not with 5-franc crowns. I even confess that I share their preference.

But I beg them to visit the markets, bakers' shops, and wine shops, to see whether silver does not hold a very large place in all the daily transactions of at least nineteen-twentieths of the population.

Is it prudent to have only fractional money for all these payments? And is it not better, alongside gold for large outlays, to have legal silver for the small ones, than to have only fractional money for all payments which can not be made in gold?

If, after having long deliberated, and listened to speeches whose eloquence has justly excited our admiration, this Conference led to nothing, as many economists of repute have been pleased to predict, what would be the result for silver? Clearly, its value would

be still further depreciated, and all the present sufferings deplorably aggravated.

I have sometimes feared that our honorable American colleagues, returning home under the impression that Europe will do nothing to rehabilitate silver, would advise their Government to adopt the gold standard. Would Prince Bismarck's famous blanket thus become larger, or would the efforts to get covered by it increase in a not very agreeable way for those who are now asleep under that blanket?

But, on this point, I am fully re-assured by the important speech of Mr. Howe, which we have just heard.

I sum up. In my conviction, the replies to our *Questionnaire* can not be doubtful.

The diminution in the value of silver and its great oscillations are a misfortune for all the world. These phenomena can not be attributed to the increased production of silver; they are the results, predicted as early as 1873 by our Monetary Commission, of the various legislative measures which have followed each other since 1872.

According to my profound conviction, there is but a single remedy. It is the adoption of bimetallism by a considerable group of States. That is the conviction which has converted me to bimetallism. I have come here, gentlemen, with the optimist hope that this Conference would lead to a result conformable with the object proposed by the States which invited us to take part in it. If, when we resume our labors after our adjournment, which seems to be desired by many Delegates, we attain a result which shall restore to silver the place it has so long occupied in all monetary transactions, I think, gentlemen, we shall have deserved well of commerce, industry, and the welfare of all mankind.

Sir Louis Mallet, first Delegate of British India, read the following address:

Mr. President, and Gentlemen:—I ask leave to add a few observations to the general discussion of the question which is occupying our attention before the close of the sitting, in order to explain to the Conference the position which the Government of India, whose representative I am, occupies with regard to the proposals of the two Governments who have assembled the Conference.

The position which my colleague and myself occupy here, is altogether exceptional. The Government of India is not even

invited to join the Bimetallic Union which has been proposed. On the contrary, if I am correctly informed, all that is expected of us, so long as England stands aloof, which, from the commencement of the negotiations, was well known to every body, is to make no change in the existing monetary system of the Indian Empire.

We are authorized to respond to this desire to the following extent; that is to say, that, during a certain definite period, the duration of which will be settled by further negotiation, the Indian Government would engage to maintain its existing system of the free coinage of silver having full legal tender faculty throughout the Indian possessions of Her Majesty.

But I must add, that we can only bind ourselves in so absolute a manner on condition that a certain number of the principal States of the world engage, on their part, to maintain within their territories, during the same period, the free coinage of silver, with full legal tender faculty, in the proportion of 15½ parts of silver to one of gold; and our engagements would only remain in force during the maintenance of this state of things.

Our position is also exceptional from another point of view. No country in the world has done so much, in the years which have just elapsed, to maintain the value of silver, and to prevent its very serious depreciation increasing.

The following amounts of silver money, for example, have been coined in British India in the years—

1877	£6,271,000
1878	16,180,000
1879	7,210,000

and I am told, though I can not guarantee the accuracy of the figures, that, in the year 1880, we have coined nearly 10,000,000*l.*

For the depreciation itself, and for the serious consequences which have resulted from it, the Government of India is in no way responsible. It has been, if I may say so, the victim of the policy of others. We are, then, not only ready to lend our aid to others in their endeavors to maintain the value of silver, but we have, I think, in a certain sense, a right to claim it from them.

In the short space of fifteen years, three International Conferences, on the monetary question, have been held in Paris.

The first, as you are aware, gentlemen, came to the almost unanimous conclusion that the basis of any future international concert in monetary matters must be sought in the gold standard, with silver as its occasional companion when required.

Some important countries having, in consequence of this opinion, taking steps to demonetize silver, the depreciation of this metal ensued; and the injurious result of this state of things have been so generally admitted that the majority of the States who were represented at the last Conference, in 1878, declared their opinion that it was necessary to maintain, in the world, the monetary functions of silver as well as of gold, in the hope, it is to be supposed, that the selection of one or other of the two metals, or their simultaneous employment, could be left, without inconvenience, to the independent judgment of each State or group of States. This was to ordain the one-legged standard!

As far as we can judge at present, this solution has not had very great success.

The evil continues. Silver continues to be seriously depreciated; and those who, like the Governments of France and the United States, see in this depreciation a source of danger for the future, thought it desirable to assemble a third Conference, in order to discover a new solution.

But it would appear, that even in this Assembly, there are those who do not believe in the existence of the evil, who go so far as to deny it. If there is no evil, if there is nothing to remedy, it is certainly idle and useless to discuss the question of what remedy to use. But, as representing the Government of India, I can not concur in such a view.

We, gentlemen, the Government which I represent, believe that there is an evil, an evil very serious at present, and still more serious in the future; and I would ask permission to explain to you, in a few words, wherein it consists from the Indian point of view.

The Government of India has to pay in London about 15 millions sterling in gold. The greater part of this annual charge is compulsory and permanent. Such is their interest of the Indian debt contracted in gold, and of the loans guaranteed by the railway and canal companies (amounting to about seven millions sterling), the pensions and annuities paid to retired officers of the Government, both civil and military, and to their families (about $2\frac{3}{4}$ millions sterling); that portion of the military expenditure which relates to pay and commissariat, and the greater part of the expenses of the Treasury at home. These expenses are fixed by contract or by honorable engagement, and can not be reduced at will. Any change, therefore, in the normal value of the relation between gold and silver must exercise an important influence on the finances of the Indian Empire; and if this disturbance were likely to be

prolonged for any considerable time, it would be the duty of the Government either to increase its revenue or to reduce its expenditure, or, perhaps, to have recourse to both of these expedients at once, in order to restore the financial equilibrium.

We have then, first of all, the loss sustained by the Government, which, however, is not of the nature which Mr. Pirmez supposes, but which consists in its remittances of silver to England, in order to liquidate expenditures incurred at home. In the present year these remittances will amount to about 17,000,000*l.*; and the loss actually resulting from the depreciation of the silver is estimated at more that 2,000,000*l.*, a loss which has been exceeded in previous years.

It may be replied, that what the Treasury loses the population gains, and that it could very well support an increase in taxation in order to compensate the Government. But it must be remembered that this line of argument ignores completely the conditions in which the Government of India is placed. A considerable portion of its income can not be increased; I refer to the land revenue, because in Bengal it is fixed in perpetuity, and in other Provinces for long periods.

Besides, although we may, no doubt, look forward to the future to some re-arrangement of taxation, when the depreciation of the coinage has produced its effect in the general rise of prices, and particularly in that of labor, we must wait a long time for that, and, meanwhile, it would be impossible, without serious political danger, to propose new taxes, for reasons which the mass of the people would not be able to understand.

But it is not only the actual loss which we have to think about; it is the absolute uncertainty which hangs about the future, and which prevents any serious or accurate calculation of the revenue and resources of Government.

Lastly, there is the loss which is sustained by trade. Mr. Pirmez takes small account of the interests of trade in this question. I am quite unable to share his opinion. During the last two years, I have had too many proofs that these interests have been seriously affected and injured, in consequence of the depreciation, to doubt the reality of the losses incurred.

It is no doubt true that when trade has been able to adapt itself to an alteration in the relative value of the standards of the two countries, if this alteration was of a permanent character and took place once for all, the evil would cease. But, gentlemen, this is not the case. The future is as uncertain as the present in the ex-

isting state of things; and it is this uncertainty which impedes and prevents trade.

For each commercial operation two calculations are necessary. The price of goods must first be calculated in gold, and then the price of gold in silver; and for the latter there is no basis on which to go. It is just as if one had to buy cotton with gold in order to be in a position to buy wheat with the cotton. In fact, it is nothing but a kind of primitive barter, worthy only of an early civilization. In my opinion, then, trade sustains an evil, and a very serious one.

Finally, there is the loss sustained by all those, and particularly the natives, who have hoarded silver as treasure, and have thus lost 20 per cent. of their capital.

Looking at the matter from a more general point of view, I can not understand how this question can be considered of secondary importance.

Admitting that stability of value is by far the most necessary attribute of money, it can not, I think, be contested that a bimetallic standard is less subject to sudden changes in value than a monometallic standard. But, failing absolute stability, which is, after all, impossible in the economic world, it must not be forgotten that there is a great difference between an appreciating standard and a depreciating standard. An appreciating standard means want of a sufficient basis for the ever-increasing necessities of exchange, and for the general credit; in other words, it is stagnation of business, fall of prices, discouragement of industry and the spirit of enterprise, anxiety, suffering, crisis, a fatal retrogression and decadence in the material prosperity of the people. On the other hand, a depreciating standard means, at any rate, whatever its inconveniences, and, sometimes even its dangers, activity, confidence, incessant search for new fields for capital; in a word, progress and life.

When we consider, gentlemen, the age in which we live, the immense movement, both industrial and intellectual, by which we are carried along, new means of communication by land and sea, electricity, which converts the whole world into a single market, the irresistible tendency among nations towards unity, can we doubt that an international standard, sufficient in quantity and stable in character, as the basis of all our transactions, and all the exchanges which multiply day by day under our eyes, is an imperious and capital necessity for the civilization and the welfare of all the people of the earth?

What is our position, gentlemen? The annual production of the two metals is already barely sufficient. It is, then, obvious that gold alone would be still less sufficient; especially when we remember that there is already a sensible reduction in its annual production.

On the other hand, the need of money, especially if it were invested universally with the legal-tender faculty, increases, and will increase still more rapidly.

There are countries which would wish to revert to a metallic currency, or which are already preparing for it—Italy, Austria, and Russia. There are others, like Germany, Spain, and even the United States, which has not got the quantity generally recognized as necessary. There is the increase of population and of transactions, especially in those countries which produce gold; in short, there is material and intellectual progress in all countries. Is it not reasonable to conclude, from all this, that we should be wise to prepare ourselves for the future in store for us, and to discover, if possible, an international standard, more extended and more durable, for the development of the commerce of the world?

The Government of India, at any rate, is very sensible of the inconveniences and the dangers which are caused by the existing monetary condition of the world; and it will appreciate very highly the efforts made by the Governments who have assembled the Conference, if they find themselves in a position to do something to remedy this state of things. At all events, it is an effort which ought to be made in the general interest. We have heard of a national selfishness, which, from a certain point of view, may be regarded as a patriotic virtue; but, in the question in which we are occupied at this moment, it is incontestible that an enlightened national selfishness is identical with true international interests.

In the name of my Government, then, I thank the two Governments who have initiated proposals with such objects in view.

The solution which has been suggested for our consideration is bimetallism. As regards the scientific basis in which this solution is founded, I shall not enter upon an academical discussion, which, indeed, at this period, would be very much out of place; but I may, perhaps, be allowed to express my unqualified dissent, though it is, at the same time, entirely personal and individual, from the opinion of Mr. Pirmez that it is opposed to economic laws. I am disposed to think, on the contrary, that considered as a whole, and with the conditions essential to its success, the bimetallic theory is in entire conformity with those great economic laws which must always

control the acts of the legislator and the fate of nations, and will continue to do so more and more; and that the idea which inspires it is one of the noblest and most important truths of science, worthy of the two enlightened Governments which have submitted it for your consideration.

Mr. Pirmez says, that it is neither within the right nor the power of the legislator to regulate the relative values of gold and silver. But how can such a proposition be maintained? As regards the right, how can it be pretended that we have the right to impose on the population a single metal as money, whether trade prefers another or not; and that we have not the right to give it the chance of using the two metals in fixed proportion, if such a course would be to its interest?

As regards the power, can it be admitted that we can give an arbitrary, or, if you please, a conventional, value to gold or to silver, and yet that there is no power to fix their relation to each other? For it must be remembered that in this case we have to do, not with the law of the cost of production, whatever may be its value, but with the supreme law of supply and demand.

I will add one more word on the theory of bimetallism to the observation of Mr. Pirmez, which I have followed with very great interest. If I am not mistaken, he appeared to be of opinion that the place which the precious metals occupy in the industrial arts constituted a slight obstacle to the complete acceptation of this doctrine.

I can not make this concession to the monometallists. It appears to me, on the contrary, that the demand for gold and silver for industrial purposes does not in any way destroy the equilibrium which we desire to establish between their respective values. If this demand increases in unequal proportion as regards the two metals, the result will be that their relative value will be affected in precisely the same manner as by a production of unequal value in the gold and silver mines, only it will be in an inverse sense; that is to say, supposing that the demand for gold increases, while that for silver diminishes, the value of gold will increase, and the value of silver diminish. Well, this change in the relative value of the two metals will be the same as if the production of gold had diminished, and that of silver had increased; only, in the first case, the relation between the two would have been changed by an increase in the demand for gold, and a diminution in the demand for silver; whilst, in the second case, the relation would have been changed by a diminution in the supply of gold, and an increase in

the supply of silver. We can, then, neglect the effect of the employment of the precious metals for industrial purposes.

One word before concluding. Is it true that the abstention of England must seriously impede the progress of the Governments towards bimetallism? It must be remembered that in preserving a system of gold monometallism in England and silver monometallism in India, the English Government makes an important contribution to the bimetallic system; and it appears to me possible that at the commencement of a bimetallic union, the adhesion of England and India might even disturb and impede the maintenance of an equilibrium; for it might happen that India would absorb more gold in proportion to the stock of the world than England would silver.

It appears to me, that there is rather a certain inconsistency in the language which is held to us on this point. We are told that during the maintenance by England of its gold monometallic system, it is necessary that India should maintain its silver monometallism, in order to counterbalance the action of England; and, having accepted this theory, we are told that the counterbalance would not exist, and that the abstention of the two countries is incompatible with the practical success of a bimetallic agreement between other countries. I trust, then, that the impossibility of England's joining in such a combination will not be considered as fatal to any attempt to maintain the value of silver; for, gentlemen, we must consider for a moment the serious consequences of failure, if all our efforts result in our not being able to come to any understanding on this occasion. The result will be the *status quo;* good according to Mr. Pirmez, bad according to me. However, good or bad, can we rely on maintaining the *status quo?*

Is it not probable that the situation will become worse every day? That the countries which are at present entirely disposed to co-operate in the maintenance of silver as money will be obliged to come to a decision, and do their best to establish the gold standard.

As to India, the great wish of the financial authorities in that country has been, if possible, to have a common monetary system with England.

Silver being impossible, on account of the English system, they must choose between bimetallism or gold, and although for the present the latter solution would be too difficult, it is certain that if the depreciation of silver continues, and if by reason of the discovery of fresh deposits of gold, or from some other cause, the

opportunity should offer itself, we should only be too ready to seize it, and to return to the proposals of the Commission which sat at Calcutta in 1868, and to enter, though much against our wish, into the struggle which is about to commence between the nations of the earth for the sole metal which will be left to us as the solid basis of an international currency.

I said, gentlemen, that in my opinion the proposals which have been submitted to you, whatever the practical objections may be to them, of which I entirely appreciate the effect, are worthy of the two great Governments which have assembled us here.

I will add that, in this state of things, it would be scarcely dignified, in my opinion, if they allowed themselves to be too easily discouraged, or prematurely diverted, from the objects they had in view by these obstacles. It is impossible to admit that, when these negotiations were set on foot, these obstacles were not foreseen and recognized. The inevitable abstention of England was known to everybody, and nobody has the right to complain of it now. The difficulties which Germany would find in giving her adhesion were no doubt foreseen. She comes, nevertheless, with offers as practical concessions of great importance.

I do not think, then, that the divergencies of opinion, which have made themselves felt at this Conference, have been of a nature to alter to any great extent the prospects which was presented in the month of February. As is the case with all great reforms and new ideas, especially when a subject so difficult and complex as that on which we are engaged is in question, time is required to appreciate their bearing, and to allow them to penetrate into people's minds, and secure opinions and interests. In order to get them accepted we must have time, patience, a spirit of conciliation, perseverance, courage, and faith. When I consider the eminent men who have prepared the ground for these discussions in France and the United States, I have some right to believe that these great qualities will not be found wanting.

Mr. Moret y Prendergast said he was sure of being the mouthpiece of the sentiments of the entire Conference in thanking the delegate of India for the important speech he had just delivered. He desired to take that speech in hand, so to speak, in order to draw from it the conclusions and indicate the practical resolutions for which it might serve as the starting point. Sir Louis Mallet had expressly acknowledged the co-existence in the Anglo-Indian Empire of a double monometallism, gold monometallism in Great

Britain, silver monometallism in British India. He had, moreover, testified to the embarrassments, losses, and sufferings caused to commerce and to the Indian Treasury by this grievous state of things.

Listening to this language, was not one naturally led to ask whether there was not some means for the welfare of England and India, as well as of the whole civilized world, of converting into bimetallism this divergent and injurious double monometallism maintained in opposite senses by two portions of one Empire? The Delegate of Spain was convinced of this. He, therefore, thought it right to call the particular attention of the Conference, and especially of the Delegate of England, to the following questions, the affirmative solution of which would tend, in his opinion, materially to facilitate the solution of the Anglo-Indian monetary problem.

For this, it would suffice to discover the ratio between the two metals, and to act so that with Indian silver, gold might be procured in England, and with English gold, a fixed quantity of Indian silver.

And if this could not at present be done, there was a practical and easy means by which a solution could be arrived at.

The Bank of England, under Sir Robert Peel's Act, had the power of forming its metallic stock of both metals, admitting silver as one-fourth of the total. The giving this option an obligatory character would enable any holder of silver to obtain Bank of England notes within the limits of one-fourth of that stock. This right would raise the value of silver, and would suffice to change the present monetary situation of India.

It seems that the Conference might discover, in the discussion of these two questions, the elements of an investigation both interesting and fruitful in practical results.

Mr. Fremantle, Delegate of England, replied that his Government would not fail to take into very serious consideration the views put forward by the Conference. It would be very glad to be able, without modifying the situation in which it was placed, and without renouncing the gold standard system, to find a means of giving its co-operation in the work undertaken by the Conference, namely: the restoration of the value of silver. It deemed it indispensable, however, for this purpose that the proposals which the Conference might initiate should be submitted in as definite a form as possible.

Mr. Forssell, Delegate of Sweden, spoke as follows:

Mr. President, and Gentlemen: If the balance sheet of the present discussion of the speeches on principles, and on the means of applying them, of the Declarations and Reservations on behalf of Governments be drawn up in a practical manner—is there any thing, I ask you, gentlemen, and, perhaps, after the recent and important professions of bimetallic faith, the question is not devoid of a certain boldness—is there any thing which more clearly results than this impression, that the bimetallic system always lacks the support which it needs, in order to pass from resolutions into facts?

No doubt, people are not mistaken as to the reality of things. As regards the fate of the universal bimetallic system, neither the present monetary situation of the Latin Union, nor the legitimate interests of the States under the paper money system, form the essential subject of our judgment, for the fate of the universal system depends only, as every body allows, on the spontaneous accession of England and Germany. But, as sentiment and international courtesy stand for nothing in this matter, it is vain to say, and to repeat, that the Bank of France has, in a few years, lost 900 millions of francs in gold, and increased by 700 millions of francs its stock of silver; that it will lose still more of what it wants to keep, and receive still more of what embarrasses it. It is vain to prove that the Bank of Holland is suffering from an unbearable glut of silver. It is vain to declare that the supreme urgency of an economic and financial reform in Italy will force the whole world to reverse its monetary blunders. Neither one nor the other will "convert" Germany and England to the bimetallic system, unless there is in the economic and monetary situation of those two States themselves a motive power, so to speak, strong enough to triumph over the natural force of their monometallist inertia. This has been perceived, something has been searched for, and, by dint of searching, something has been discovered; it is in the following manner that this discovery presented itself the other day, and presents itself to-day, before the Conference.

Germany is overburdened with the stock of silver at the National Bank, to an amount not precisely known, but large enough to embarrass her, and, likewise, with a stock of silver coin still current, always unsalable, or salable only with risk of loss. A great stir has been made about it in scientific literature, in the daily press, and in the German Parliament, and bimetallism has been called for; the monometallist reform of 1871 has been cursed. Nevertheless, here is the Imperial German Government, which,

while confessing the real embarrassment of the monetary situation, while praising the efforts of the States favorable to bimetallism to rehabilitate the value of German silver, and, while clearly stating its intentions of facilitating and rewarding those efforts, still remains faithful to gold monometallism. As to the free mintage of silver, as for the coined silver being an unlimited legal tender, no confession, not even a ray of hope, on the German horizon.

As for England, stress has been laid on the paramount importance of Anglo-Oriental commercial relations, seriously hampered by the abolition of the free mintage of silver in Europe; as, also, on Indo-English financial relations, whose derangement, through the fall in the value of silver, is laid to the account of monometallic Germany. Without either denying or affirming the importance of these financial and commercial interests, one is tempted to suggest that the danger can scarcely be vital, seeing that the English Government, ever so attentive to the interests of its country's commerce, still reserves to itself absolute inaction in this matter. The honorable Mr. Cernuschi's opinion is, that this reserve will be converted into precipitation as soon as the Irish question permits the English Government to make itself acquainted with the ruin threatening it, and with the prosperity offered it. Now, we have, in the Declaration of the honorable Delegate of the Indian Government, an accurate expression of the judgments and intentions of the English Government. That Declaration is the exact image of the German Declaration. To facilitate the bimetallism of others, there is a pledge to keep silver monometallism for India, but as to an English bimetallism, no concession. For my own part, I venture to assert, like certain of my colleagues, that, whatever may be done in England to enforce Oriental interests, there will never be the agreement of an English Ministry and Parliament to the entry of Great Britain into the Bimetallic Union, to the free coinage of both metals, to the two moneys being legal tender.

In maintaining this doctrine, I do not rely mainly on the strictly conservative genius of the English in monetary matters, nor, do I allege the reason, always redolent of theory, that a simple measure of value will never be abandoned for a double or compound measure. I content myself with considering and enforcing the importance, the risk, the ulterior consequences, of this bimetallic convention proposed to the English nation, so jealous of its sovereignty and independence. To judge of the chances of this universal bimetallic system, it is necessary to scrutinize the details, and, as we

are always shown the brilliant image of this universal agreement, I turn the medal, to show the other side.

The free mintage of silver, free payment of minted silver, is demanded in the sonorous name of liberty. But, liberty for whom, and on what condition? Liberty for the producers and dealers in silver, and on condition of a corresponding obligation for governments and creditors, on condition, especially, of a *necessity*, imposed on the monetary circulation, or on the metallic stocks of the countries included in the Bimetallic Union.

I said necessity; but see how that necessity is imposed, and how, at times, it is distributed. It is the opinion, even of the boldest bimetallist, that the obligations corresponding to the salutary liberties of the free mintage of both metals would henceforth be unbearable without the co-operation of all, or of most, of the first-class States, that the heedless State, which should undertake alone the necessary efforts for rehabilitating and sustaining the value of silver, would be crushed under the weight of the bimetallic system, which would at once fall to pieces; that it would be suffocated by the silver flowing in from the whole world. Now, the bimetallic treaty once concluded between the principal States, standing back to back to bear the burden, what guarantee can be offered us that the practice would always, or ever, be in conformity with the stipulations of the treaty? What guarantee—to cite, among others, the most conclusive case, and one which has been too little considered—what guarantee against the sudden and forced adoption, by two, three, four of these States, of the paper money system? What guarantee against a recurrence of those political crises which this monetary cataclysm has already made them all successively undergo? Now, the paper money system drives away the coined metal, silver first of all; the coined silver which will go to the States or State still remaining under the metallic system, and where it is still a full legal tender, will drive the gold out of circulation, or, at least, out of the bank reserves (if you want a proof, look at the stock of the Bank of France, quite full of Italian crowns); the equilibrium of the system established by treaty will be destroyed, and the country which, still bound by the treaty, retains metallic system, will be the victim of the system, as much as if it had alone undertaken this impossible obligation. Yes, the universal Bimetallic Treaty is impossible, because it demands engagements, which, at any moment, might lead to the detriment and ruin of the contractors.

The brilliant series of international treaties on the postal service,

telegraphs, extradition, patents, railways, etc., has been invoked in its favor, and, no doubt, it has this in common with them, that it would unite the nations; but, show me one of them which imposes and distributes obligations in this way? It is true, there is one, the Bimetallic Latin Convention of 1865; but you know that its main defect has been confessed, that practical bimetallism has been driven out by the treaty of 1876, and that it is forbidden for the future, except in case the very principle, which was near destroying the Latin Union, shall obtain acceptance by an universal union. What chances, then, are there of harmonizing interests so incongruous as those of the metal-producing States and the non-producing States, States with colonies and States without colonies, gold currency States and silver or paper currency States? What chances of getting accepted this system of mutual dependence, of constant caviling, of inevitable risks, by a State whose monetary system imposes itself on a whole world, and which, by its single gold standard, always governs the trade in metals?

If it be not an impossibility, it is, at least, in the highest degree, an improbability. Only draw a comparison between these vital engagements and these secondary interests which are appealed to. Even when these inconveniences are looked at from the broadest standpoint, when it is said, as Mr. Seyd says, "the trade between a gold standard country and silver standard colonies will be quite as unfavorable as the trade with paper-money countries," is it not enough to answer, "but has England's traffic with Italy and Russia been disastrous to England? Seeing that it flourishes, seeing that it always makes progress, the loss can not be on the side of English merchants; and has the double gold and paper standard been ever demanded in favor of that trade? Why, then, a similar demand in favor of the trade with silver standard countries?"

It is just the same with the Indo-English financial losses; they are reckoned at two millions sterling a year, yet that is a *figure*, a definite sum, whose importance will probably decline. Is an exact amount of loss ever bartered for an indefinite amount of risk? Are the independence and monetary supremacy of a country sold for two millions sterling? Never.

If this be the case, or, as I hold, inasmuch as this is the case, the present monetary question, so long as special and secondary interests are regarded, and so long as the plan of universal bimetallism is obstinately clung to, will lead to nothing; it will fail in face of the disproportion between the comparatively slight ailings complained of, and the perfectly enormous remedy proposed, and, how-

ever skillfully those ailings are added up, the amount will never be enough to justify the remedy. If the Monetary Conference of 1881 had no duty to fulfill beyond the attestation and conciliation of the interests I have just indicated, that duty might be considered as performed, for the weakness and real insufficiency of these interests are a well tested fact.

But, do the very terms of the summoning of a universal Conference allow it to remain within the confined limits of these particular interests of certain States, or of bimetallic impossibilities? In my opinion, not. We are, here, neither diplomatists nor idolaters, and, if a real difficulty exists as to monetary systems, we must either acknowledge it to be irremediable, or find possible remedies. Is there, at the bottom of the present monetary agitation, nothing more universal, which might rally the monometallist States, the limping-standard States, the paper money States, the monometallist theorists, and the bimetallist theorists, in a common interest to a common work? In my view, this is possible. You need only cast your eyes on monetary literature, to see that infinitely graver questions are being more and more raised than bank stocks, rates of exchange, and financial losses; questions relating to the most delicate problems of science, and of such a universality that they will, doubtless, make their way into the politics of the day.

Appeal is made in bimetallic literature, sometimes to the interests of all the States, as well as of all the individuals who are in debt, whose more or less heavy debts would be aggravated by a diminution, and lightened by an augmentation of the monetary mass; sometimes to the interests of the land owners of all Europe, whose losses on the amount of their rents is attributed neither to American crops nor to the social conditions of their country, but solely to the Bamberger law. Appeal is made, and will, doubtless, be still more made, to the instincts and appetites of the masses by telling them that at the bottom of all present human miseries there is something imperceptible, terrible, creeping in the dark, gnawing like a cancer at the welfare of the poor as of the rich, and styled "demonetization of silver," and "dearth of gold." These things will, perhaps, be repeated to them until this diagnosis of economic maladies has assumed the character of a popular axiom, and then your remedy will be offered, bimetallism, that miracle which will make money plentiful, industry prosper, raise prices and then increase wages. This is precisely the manner in which another doctrine has been propagated, that of the protection of national labor, and has been made to triumph. The swelling phrases of bimetallism are

scarcely so sonorous and seductive as those of protection; above all, the connection of causes and effects is not so palpable, but, as regards a miracle, the less it is understood the better it is believed.

As to the aim pursued, the universal bimetallic system, even the support of such a general opinion, of such a universal interest will scarcely bring it to realization. I am not at all afraid of it. Governments will always look at it cautiously, and means will be found of avoiding engagements whose risk is but too evident. But there will always be agitation, stir, alarms, and trouble on this subject, and this universal interest is certainly entitled to a consideration of all its details. It is especially incumbent upon our Conference closely to examine this question of the actual and probable influence of monetary changes of our time upon the price of merchandise and on the economic condition of peoples.

It is evident that the question is very complicated, complicated to such a degree that there is no means of discovering an absolute and decisive solution. Statistics give us but very imperfect information upon it, and the connection, or rather the entanglement of causes and effects as regards prices is so complex that nobody would venture to pretend to have found the key to it. Still, there are certainly solutions more or less near the truth, and I have no doubt that it is in the power of this distinguished assemblage to discover the best.

At the outset, it would be necessary to consider if there be really a formidable social danger in this fall of prices with which we are threatened. For my own part, speaking frankly, I see nothing so very dangerous in it, and, if I had to choose between an ever-increasing abundance of money, a constantly progressive rise of prices, on the one hand, and a contraction of money, a fall of prices, on the other, I should hesitate. There are advantages and inconveniences on one side as on the other, but in favor of the fall of prices, the rise in value of money, which is apprehended; I should say a falling value loses also its attractiveness, and you know that in periods of rise of prices that money which, nevertheless, is the object of saving is esteemed less and is wasted. A rising value gains attractiveness, and you would doubtless see that a fall in the price of merchandise would make money more esteemed and economized. And if I look at things from the sole standpoint of the great bulk of the populations whose livelihood depends on wages, what an evident advantage is this augmentation of the value of money. They would, doubtless, under this system, have to struggle to keep up and defend their wages against masters wanting to reduce them,

just as on a rise of prices, an increasing abundance of money, they have to struggle to raise those wages. But what a difference of position; what a difference in these combats between defense and attack. How much easier is conservation than acquisition. As regards debts I would also urge that debtors losing by the contraction of money, long term debtors especially, are not in the category of those three-fourths, or nine-tenths of the population who live from hand to mouth without credit or fortune. On the other hand, in this era of debts, of democratized States you more and more find in the lower middle class, in the ranks of small competencies, the creditors who would gain by the fall of prices. I waive, however, these comparisons which might be carried on *ad infinitum*, but are more or less beyond the region of reality. What is essential is to judge of the facts themselves, and that judgment being made to consider the means of re-acting against the present monetary trouble.

The great event to be judged of is not at all bimetallism, which does not exist, which is proposed, but seems impossible, nor even the already half-accomplished demonetization of silver, it is the progressive and probable adoption of the gold standard, and the consequences which will flow from it; the remedies, therefore, will be found in the region of monometallism itself. The essential point of the monetary evolution, the subject of a real and universal interest, is not the depreciation of silver, whose results on the holders of silver are of secondary importance, but it is that fresh demand for gold which will result neither from the arbitrary act of a government, nor from the theories of a *savant*, but from the requirements of commerce.

The first question calling for a reply relates to the existing situation.

I offer, as a supplement to the *questionnaire*, the following: "has there been, in the last 10 years, a fall in the price of merchandise, under such conditions that it may be inferred that the abolition of the free mintage of silver and an increased demand of gold for mintage have essentially contributed to it?"

The following question relates to the future: "Is there reason to believe that in case of the adoption by one or more States of the single gold standard, fresh demands of gold for mintage will lead to a contraction of the monetary and fiduciary circulation sufficiently great as to infer a general fall in the value of merchandise as expressed in gold?"

Here there will be two calculations to be made; on the one hand, a calculation of the fresh demands for gold with which the United

States and Italy especially menace us; on the other hand, calculations as to the annual production and the stock of gold probably existing, and what is still more material, as to the *elasticity* of the monetary and fiduciary circulation. For it must never be forgotten that in speaking of the relation between money and merchandise, you speak of a relation between merchandise on the one hand and fiduciary and monetary circulation on the other. The constant and rapid fall [rise] in prices of recent centuries is assuredly not due solely to the augmentation of the metallic stock, but much more to the progressive elasticity, the surprising perfectibility of all that currency organism of which the metallic stock is the blood, while credit is the soul and the life.

This currency organism has developed under the influence of the usages, economic necessities and legislation of each nation, it has reached different degrees of perfection and elasticity. No doubt, we are not yet at the limit of this faculty of economizing minted metal of which England has given us a brilliant example, and if the fresh demand for gold was not enough to call forth a corresponding production, fresh economies might be counted on if necessary in the twenty milliards of gold in the world, in order better to distribute those milliards and to give the requisite share to the nations desirous of entering the ranks of gold monometallist States. And if the investigation we shall make as to these probable demands for gold should cause us to anticipate disturbances and evils, during a certain period of transition, the following question would, doubtless, have a serious interest, especially for monometallists.

"Is there ground for facilitating and for supporting by acts of legislation affecting coinage and fiduciary circulation such economy in the use of gold as the progressive adoption of the single gold standard will cause the States represented in the Conference to feel the need of?"

Mr. Dana Horton, Delegate of the United States of America, said that he hailed with warm satisfaction the communication of the questions put by the Delegate of Sweden. He appreciated their utility all the more as he had already himself drawn up analogous ones in the interrogatories he had just handed to the President. He should be very glad if similar demands for information were framed by other members of the Conference.

As particularly regarded the influence exercised by the fall or rise of the precious metals on the prices of merchandise, Mr. Horton said he would not occupy the time of the Conference with a

thorough discussion of the matter; but he read a citation from a work whose authority, he said, was known to all the members of the Conference (Michel Chevalier, *La Monnaie*, ed. 1866, p. 759), and desired to present, in an exhibit, his views on the economic effects of a rise and of a fall in prices; views which, he might add, had been formulated long ago in a work he had published.

BARON VON THIELMANN, chief Delegate of Germany, asked leave to offer an observation.

Referring to the Declaration made by them at the second session of the Conference, the delegates of Germany, said Baron Thielmann, think it right to remark that that Declaration does not contain offers made by the Imperial Government to the Powers represented here.

The Delegates of Germany confined themselves to uttering the opinion that perhaps the German Empire might take into consideration concessions with a view to an eventual arrangement calculated to raise the price of silver. As they had stated, Germany's interest in this question does not equal that of several other Powers.

The ulterior decision of the Imperial Government, as they also indicated, are not prejudged either by its participation in this Conference or by the observations of its Delegates.

The object of this Declaration is not to correct any of the opinions formulated within the Conference, the Delegates having all quite understood the character of the Declarations of the German Delegation. Its sole object is to reduce to their true value the exaggerated comments of a certain portion of the press.

Note was taken of this Declaration of the chief Delegate of Germany.

The general discussion of the *questionnaire* was resumed.

COUNT DO SAN MIGUEL, Delegate of Portugal, next spoke, and expressed himself in these terms:

I think it the duty of Delegates assembled here, with the aim of solving one of the most important, and certainly most difficult problems of economic science, to furnish the Conference with every information which may in one way or another, directly or indirectly, concern the monetary question. This is the consideration which makes me rise to speak.

I do not intend, indeed, to touch on the theoretical discussion of the two doctrines now before us; others more competent than

myself have done it, and will yet do it. I only allow myself to allude to a passage in the brilliant speech delivered by Mr. Cernuschi, at one of the late sessions, because the information I am about to have the honor of communicating to you bears on that very passage.

Mr. Cernuschi told us "the ratio of 1 to 15½ between gold and silver has every-where prevailed during this century."

Gentlemen, I frankly confess that that statement, made in so unqualified a way, and by so competent an authority, made a deep impression on my mind, for, in my view, the whole question lies there. If the ratio has every-where and always been steady, bimetallism is possible.

Monetary questions are, in my view, exclusively practical questions; if the object be to solve them, it is only by the investigation of facts that they can be approached.

Now, gentlemen, you all know that in Portugal, prior to the monetary reform of 1854, which caused the adoption of the single gold standard, gold and silver simultaneously performed the functions of money. If, therefore, the ratio of 15½ between gold and silver coin had every-where ruled during this century, that ratio would have ruled also in Portugal, and I had, therefore, to ask myself why, if the ratio worked with such permanence, we substituted the single gold standard for the bimetallic currency which existed before 1854. I have investigated the facts; I have examined whether this ratio in Portugal had really been so fixed as Mr. Cernuschi said. Here is the result of these investigations:

The first law respecting gold in Portugal is dated August 4th, 1688. By that law the price to be paid in the Lisbon and Porto mints for a mark of gold (22 carats) was 96,000 reis (533 francs 33 cents.)

This same gold was valued at 102,400 reis (568 francs 88 cents.)

For a mark of silver of 11 dinheiros, that is to say, $\frac{11}{12}$ of silver and $\frac{1}{12}$ of alloy, the value was fixed at 6,000 reis (33 francs 33 cents.) producing, when minted, 6,300 reis (35 francs.)

The legal equivalence at that date (1688) was, however, the ratio of 1 to 16.

In 1747, the value of a mark of coined silver was changed, and rose from 35 francs to 41 francs 66 cents, (7,500 reis), which made the relative value of gold and silver fall to 13.6.

This equivalence recurred at the beginning of the century, and had led to the expulsion of gold from the monetary circulation.

The law of the 6th of March, 1822, gave to a mark of coined

gold a fixed value of 120 milreis (666 francs 666 cents), and the gold piece of 4 ozs., whose value was 6,400 reis (35 francs 55 cents), had a value of 41 francs 66 cents (7,500 reis.) This law was repealed shortly afterwards, together with those passed in the Cortes of 1820, but was restored and ratified by another law of the 24th of November, 1823, and by a special charter of the 5th of June, 1824.

Now, as the preamble of the law of 1822, had declared that the equivalence of 13.5 between gold and silver, was very far from expressing the proportion of their mercantile value, and as gold did not practically come into circulation on account of the legal value of gold money being below its corresponding value in bullion, the legal ratio rose to 16, I think, in 1825.

In 1835, a new law of the 24th of April, gave the coined silver mark the value of 7,500 reis (41 francs 66 cents), which brought the equivalent to about 15.5, that figure being considered the average rate of exchange of money, whether national or foreign.

On the 3d of March, 1847, a new law was passed, raising the value of the gold mark 128,000 reis (711 francs 11 cents), and that of the 4-oz. gold piece, whose value had been fixed in 1822 at 41 francs 66 cents (7,500 reis) rose to 44 francs 44 cents (8,000 reis). After this law other legal measures were taken, which established the legal ratio of 16.5.

Thus, summing up the foregoing, it will be seen that the ratio between the gold and silver moneys, considered during the first half of this century, in Portugal, as legal money, was subject to the following variations:

1800—13.5; law of the 6th of March, 1822, 16; law of the 24th of April, 1835, 15.5; law of the 3d of March, 1847, 16.5.

Now, it was these alterations which caused the abandonment of the bimetallic system in Portugal. It was shown, and the explanation preceding the law of 1854 attests it, that the circulation felt the lack of harmony, and the disorder produced by the alteration in the relative value of the precious metals, that the legal ratio between gold and silver money was higher than the commercial value of those metals, and, moreover, that this state of things hampering the transfer of values, burdened all transactions, and obstructed the movements of commerce even in its smallest operations. The law, therefore, establishing the single standard, was passed, so to speak, unanimously by the Portuguese Chambers.

I thought, gentlemen, there might be some utility in making known this information, which so closely affects the capital point

of the question before us. For my own part, and I am now expressing only my personal opinion, it seems to me calculated to indicate what, moreover, is demonstrated by experience in accord with the principles of science, that the fixity of ratio between gold and silver being unattainable, a State can not simultaneously keep both metals as a measure of value, so true is it that the more favored one will always discredit the other, making it lose its character of money, and converting it into pure merchandise. Such is the fact, and in my view law can not, or at least should not, be in flagrant contradiction with fact.

Mr. CERNUSCHI, Delegate of France, called attention to the fact that at the present session two parts of the world, Asia on one side, and America on the other, had pointed out the dangers and perils of monometallism, and urged the definite adoption of bimetallism, but that this measure had been deprecated by Sweden and Portugal.

What reasons, said Mr. Cernuschi, have the Delegate of Sweden and the other partisans of monometallism enforced? They invoke the failure of the Latin Union, but had that failure from the bimetallic standpoint any other cause than the attempt made to subject Germany to gold monometallism, and can it, therefore, be urged against the partisans of international bimetallism? The partisans of monometallism deny that the adoption of their system must result in a fall of prices, and in support of that denial they remark that Germany's passing over to the gold standard has not led to a sensible depreciation of merchandise, but do they not see how easy it is to answer them? The demonetization of silver is not effected in Germany, it is only decreed; monometallism has not yet triumphed in Europe, it has not yet even begun to conquer, the evil it would cause mankind is not yet felt, it is only foreshadowed. This is why the debasement of merchandise has not taken place, but it would be inevitable, certain, and overwhelming, whenever the monometallic law should really and every-where come into force by the effective demonetization; that is to say, the general calling in of silver coin.

The Delegate of Sweden has also said that the scarcity of coin produced by the disappearance of silver would be an encouragement to economy, just as its abundance incites to prodigality. It is impossible to understand on what principle or on what economic fact such an assertion rests.

The Delegate of Sweden urged in favor of monometallism, the

argument that it would benefit the mass of the populations; all creditors and all landowners would gain by it, while artisans would not lose, as they would only have to defend wages already secured, instead of having with difficulty to extort an increase of pay as they would be forced to do if monometallism should not prevail. But by what right would legislation thus make some gain and others lose? In this arbitrary allotment of loss and gain by the monetary legislation, where is justice, where is equity, where is even the notion of the function of money? The object of money is to guarantee in the present as in the future the sincerity, the permanent equivalency of all current contracts, money is a kind of instrument of precision, *valorimeter*, which maintains, as it were, debts and credits always at one level. Yet, it is sought by a legislative revolution to abolish by a stroke of the pen one of the two elements serving as a measure in the agreements hitherto concluded.

It is needless, however, to say more. The injustice, the fallacy, of the monometallist doctrine, its inconveniences and its dangers, have been pointed out by Sir Louis Mallet, with a clearness and force dispensing with any further reference to it. It remains only to make use of his words, by making a great effort with the British Government, to induce it to convert its double monometallism, which is unsound and ruinous, into an international bimetallism, which would be logical and beneficial to England as to India and the whole world.

The continuation of the general discussion was fixed for Thursday the 19th of May, at 12:30 P. M.

The Session closed at 5:30 P. M.

EXHIBITS TO SEVENTH SESSION.

EXHIBIT A.

(Presented by the Delegates of Italy, page 240.)

STATEMENT OF THE SILVER COINAGE IN ITALY, 1874–1880.

Response of the Delegates of Italy to the Request for Information addressed to the Conference in the Session of 7th May, 1881.

	1874.	1875.	1876.	1877.	1878.	1879.	1880.
Quantity of Silver Coined:							
A.—Into money with full legal tender	(a)	22,887 kg 305,920	143,659 kg 561,005	80,930 kg 049,640	40,435 kg 144,151	83,248 kg 159,180	none.
B.—Into money with limited legal tender	(a)	none	none	none	none	none	none.
C.—For other States	(a)	none	none	none	none	none	none.
For private individuals, without profit to the Government, at the price of Silver, at London, the day the metal was presented at the Mint	(a)	none (b)	none (b)	none (b)	none (b)	none (b)	none (b).
Origin of the ingots, or manufacturer's marks	(c)	(c)	(c)	(c)	(c)	(c)	(c).
Recoinage of old coins (nominal value)	Francs. c. 21,604,623 54	Francs. c. 13,416,751 09	Francs. c. 18,346,658 72	Francs. c. 13,151,419 76	Francs. c. 8,584,410 36	Francs. c. 12,762,941 61	Francs. c. 8,121,019 94
Coinage for Banks of Issue, and who gained by it, the Banks or the State	none	none	none	none	none	none	none.

(a) No information, because the mints were let out on contract in 1874.

(b) By the law of 17th July, 1875, it was forbidden to private individuals to have silver coined.

(c) No account taken.

EXHIBIT B.

(Presented by MR. CERNUSCHI, page 240.)

QUESTIONS ADDRESSED TO THE BELGIAN DELEGATES.

I.—If it is said that the monetary metals are merchandise, and if the power of legislation, as regards the value of money is denied, how account for English legislation keeping in circulation about two million kilogrammes of silver at a nominal value much superior to their value as merchandise metal?

II.—If it is true that the silver shilling is merely a national counter of limited paying power, issued by the State in limited quantity, is it not true that the gold sovereign of unlimited paying power, issued by nature in limited quantity, and convertible into foreign money, if gold is mintable abroad, is itself merely an international counter; and that if the small value of the merchandise silver stands for nothing in the value of the shilling, the small value of the merchandise, gold stands for nothing in the value of the sovereign?

III.—If this is the case, is it not true that the value, the paying power, of the sovereign of unlimited coinage, is more or less great according as the number of sovereigns that might be coined with the whole mass of gold in existence is more or less great; and is it not consequently true, that the sovereign has a mathematical value?

IV.—Is not the value, the paying power of the sovereign, stable, because the number of sovereigns that might be coined with the mass of existing gold is stable?

V.—If the law has the power of giving the sovereign mathematical value, can it not give it to the shilling?

VI.—Considering that the number of shillings that might be coined with the mass of existing silver is stable, would the value of the shilling, at unlimited coinage and unlimited forced circulation, be less stable than that of the sovereign?

VII.—Is it not true that if the different nations formed a single State, having both the sovereign and the shilling as money with unlimited coinage and with unlimited forced circulation, nobody would think of bartering shillings for sovereigns, or sovereigns for shillings, seeing that neither the one barter nor the other could secure any profit; and is it not true that there would be no thought of ascertaining the ratio of

weight existing between twenty shillings in gold and twenty shillings in silver?

VIII.—Is it not true, that considering the multiplicity of States, if one of them began fabricating sovereigns lighter than the sovereigns of the other States, while maintaining the uniformity of weight for the silver shillings, the bankers in the other States would take thither their heavy sovereigns for remintage into a larger number of lighter sovereigns, and that with these light sovereigns they would obtain silver shillings, which they would take home, thus realizing a considerable profit entirely due to the lack of international uniformity between the weight of two coins?

IX.—Is it not true, that between the gold sovereign and the silver shilling, supposing them to be universal money, there would be no question of a relative natural and commercial value, but of a conventional ratio of weight fixed by legislation?

X.—Is it not true, that if nature had offered a third metal, capable by the unalterability of its mass, and by its physical qualities of being itself also good money with unlimited coinage, legislators would not have failed to declare it metal mintable at pleasure, and to fix the weight of a third monetary unit, a weight which would necessarily have had some ratio with the weight of the silver unit and the gold unit?

XI.—Does it not result from the foregoing, that international bimetallism will be firmly established the day when the same ratio of weight between the silver coin and the gold coin is decreed by a preponderating group of nations?

XII.—In addition to the first of the questions here put, how account for the fact—

(*a*). That French, German, Dutch, and American legislators can keep in circulation with unlimited paying power, and as non-international money, a mass of silver amounting, perhaps, to twenty five million kilogrammes, a mass which would not be worth a tenth of what it is worth as money, if the 5-franc pieces, thalers, florins, and dollars were melted down, and if Asiatic legislation withdrew from silver its unlimited paying power?

(*b*). That Italian, Austrian, and Russian legislators can keep in circulation as national money, immense sums of paper money of unlimited paying power, money which, regarded as merchandise, would be absolutely devoid of value?

REMARK.—Coins are conventional units used for measuring the comparative value of all merchandise, and for paying for them. They are counters whose value is purely legal, but guaranteed by nature itself, which has never furnished and does not furnish but a limited number of them.

The circulation of all the counters composing the existing monetary mass is insured by means of the free mintage and forced circulation.

The yellow counter reckons as 15½ white counters. Bimetallism is nothing else.

EXHIBIT C.

(Presented by MR. DANA HORTON, page 240.)

QUESTIONS ADDRESSED TO THE ENGLISH DELEGATES.

I.—Was not the pound sterling, composed of 20 silver shillings, the monetary unit of England until 1816?

II.—Was not free and gratuitous coinage, at the standard fixed by the law of the 43d Elizabeth, of silver coin, having full legal tender power, guaranteed by the law of 1666, which was repealed in 1816?

III.—Was not the fixation of the ratio of 15.21 : 1 in 1717, which overvalued gold, the cause of the exportation of silver coin from England, and of the almost exclusive use of gold coin in the 18th century?

IV.—Was not the avowed object of this fixation, in 1717, to reduce the then existing over-valuation of gold (of about 15½), and to procure for England a simultaneous circulation of gold and silver?

V.—Did not France maintain a simultaneous circulation of gold and silver in the century which followed 1717, saving the period of revolution and paper money?

VI.—Were not the two facts, that England used in the 18th century a depreciated money (the guinea), and that the object of the fixation of 1717 was never attained, the natural result of the failure of the Government to abandon a false valuation, and to adopt the French ratio?

VII.—Had not Sir Isaac Newton indicated the probable necessity of such a measure?

VIII.—Did not Richard Cantillon (author of the "*Essai sur la Nature de Commerce en Ginéal,*" Paris, 1757) predict, 150 years ago, that England would be forced in the end to adopt the French ratio?

IX.—Did not Alexander Baring, 50 years ago, pronounce himself in favor of the restoration of the silver and gold standard at the new French ratio?

X.—Was not the prohibitive tariff, directed by English law against silver money, in 1816, an innovation?

XI.—What advantages accrued to England through this innovation?

EXHIBIT D.

(Presented by MR. DANA HORTON, page 240.)

NOTE ON THE RELATIVE DISADVANTAGES OF A RISE OR OF A FALL OF PRICES FROM "SILVER AND GOLD," CINCINNATI, 1876, PAGE 71.

"Supposing, then, we have to compare the effects upon prosperity of a rise and of a fall thus caused, and the extent and suddenness of which are similar, which of the two is preferable, other things, of course, remaining equal?

"The judgment of economists is clear, that a fall is preferable to a rise; or, in other words, that redundance is better than scarcity.

"J. R. M'Culloch, (*Encyclopædia Britannica*, 1858, Art. "Precious Metals," in his discussion of the effect of the late great increase in the world's stock of gold, says, in conclusion, 'Though, like a fall of rain after a long course of dry weather, it may be prejudicial to certain classes, it is beneficial to an incomparably greater number, including all who are actively engaged in industrial pursuits, and is, speaking generally, of great public or national advantage.'

"Roscher (Grundlagen der National Oeconomie, sec. 141) points out that the gold discoveries, by preventing a dearth of money, which without them would have probably occurred, saved the nations from grievous malady. On the other hand, he explains, in the sense expressed by M'Culloch and Chevalier, how a fall, in the value of money, may stimulate to a notable increase of national production.

"Michel Chevalier (La Monnai, ed. 1866, p. 759), expresses himself as follows:

"'In fine, the change will profit those who live by present labor; it will injure those who live on the fruits of past labor, be it their own or that of their fathers.

"'In this respect, it will act in the same direction with the greater part of those evolutions which are accomplished in virtue of the great law of civilization to which ordinarily we assign the noble name of progress.'

"It remains to add, that in society, as it is at present organized, the

number is very small of those of whom it can truly be said that they live on the fruits of past labor. Real property, rents, and the interest of investments, depend to such a degree on the present labor of those who pay them, that, in an important sense, those who receive them live rather on the present labor of others than upon past labor."

EIGHTH SESSION.

EIGHTH SESSION.

THURSDAY, *May* 19, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British-India, and Canada
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden,
Norway,
Switzerland,
The United States of America, and of
France,

who were present at the preceding Session.

The Session opened at 1 P. M.

The Minutes of the previous Session were read and adopted.

THE PRESIDENT read to the Conference a letter from Mr. Dumas, Delegate of France, who, being detained at home by illness, expressed his regret at not being able to attend the Session and take part, as he had intended, in the discussion.

LORD REAY presented a paper, addressed to the Conference by Mr. Probyn, of London.

The general discussion of the *Questionnaire* was resumed.

MR. PIRMEZ thanked the Conference for the attention it had been good enough to give to the observations offered by him at a previous Session. He thanked those of his colleagues who disagreed with him for the courtesy with which they had opposed him. He was, by this very fact, bound to detain the meeting a short time longer; but he would speak briefly, endeavoring to point out the points of agreement rather than those of disagreement.

It is important, at the outset, said Mr. Pirmez, not to extend the debate beyond its true limits. One question alone has been under discussion: is it possible to establish a fixed ratio of value between the two monetary metals, and more particularly is it possible to do so by arbitrarily taking the ratio of 15½, which is contrary to commercial facts? I have replied negatively to this question; it is the only point, but the point governing the whole debate, which I have treated.

I make no propaganda, therefore, in favor of gold and against silver. I do not wish to see new countries adopt the gold standard. I do not overlook the fact that a perfect monetary system may be established with the silver standard. I have no design of seeing the function of that metal narrowed. I have even no objection in principle to the rational system advocated by the Delegate of Russia; a system which would consist in having silver money of variable value, and which he aptly called bimetallism with a single standard. What I reject, but reject as contrary to the nature of things, and as bound to give results the reverse of those expected, is the attempt to decree and maintain a fixed ratio between the two metals.

This doctrine which I oppose is that of all bimetallism; but what a profound disagreement in principles among those who defend it!

Mr. Cernuschi has claimed for his doctrine that it is the only real bimetallist one, and I am bound to state that in this respect I agree with him. This doctrine, which has received the adhesion of Count Rusconi here, and that of Mr. Horton in his writings, assumes as a fundamental essential proposition, almost as an axiom, that law and law alone determines and creates, so to speak, the value of money. It draws from that principle all the consequences it devolves. It draws them with a rigorous deduction which nothing can arrest, and an inflexible logic which geometers might envy.

This doctrine is what I should be disposed to call dogmatic bimetallism.

My other opponents are a long way from this doctrine. Neither Mr. Vrolik, nor Mr. Pierson, nor Sir Louis Mallet, nor Mr. Luzzatti, nor Mr. Denormandie, nor Mr. Howe, admit this omnipotence of law. They hold the same principles as do all of us who have here been defending the principle of the single standard. We have gathered the same fruits from the tree of economic science. I have offered them in their natural state; while we discover them at the bottom of the bimetallic liqueur which they offer us, we discover them in a state of perfect preservation. Like us, they regard money as a merchandise which the State can only weigh, test, and certify to, and whose value varies according to the development of consumption and production. They reject the idea that the command of law can fix its value; they confine themselves as saying that the decisions of law on the employment of the precious metals influence its value. I entirely agree with them on that point. It is as unquestionable that the market which the law may insure these metals acts on their value as it is unquestionable that its command is fruitless. The State would increase the value of madder by giving its soldiers red trousers; it would increase the value of silver if it had its cavalry horses shod with it; and, for the same reason it will produce the same effect if it adopts silver as money. But what, in that case, would be the action of law? The introduction of one factor, very important I allow, but of one factor alone in the entirety of supply and demand, which will determine the value. This was fully recognized by Mr. Howe, when, instead of accepting the cabalistic 15½, he assigned as the object of investigation of this Conference the search of the true ratio between gold and silver. Thus, whatever law does, the real value will remain variable; it will undergo oscillations. Now, this alone makes the system collapse, for in a matter where speculation operates on infinitesimal fractions, absolute fixity would be essential, and that fixity, according to the very principles spoken of, can never be attained.

What would be the necessary consequence of that bimetallic doctrine, whose principles would entitle it to the name of rational bimetallism? The legal ratio necessarily giving way under the weight of facts, it would be necessary to bring back to circulation the metal which its higher comparative value would have withdrawn, to reduce the value or the weight of the coins of that metal. By a kind of degeneracy of the ratio, always making the higher

standard descend to the level of the lower, you would keep the two metals in circulation, but at what cost? By installing a permanent monetary revolution, by decreeing a continuous fall in the measure of values! That is the goal of those who desire two monetary standards; that is what is enforced upon them as a necessary consequence.

Between the two bimetallic doctrines which have thus been expounded to us, you already see that there is nothing in common. Mr. Cernuschi's dogmatic bimetallism starts from an inadmissible principle, but is irreproachably logical; no consequence, however strange it may appear, makes it flinch. Rational bimetallism starts from true principles, but does not draw from them what they involve; transforming a simple element in the value of the metals into an absolute fixing of their value, it arrives at a Declaration that the ratio between two values, regarded by it in principle as essentially variable, may become invariable.

But I leave the two schools to refute each other; whether it be in the principle or in the deduction, the mistake is certain, and the fixity of ratio remains unattainable.

The illusion indulged in, in order to reach that fixity, seems to extend to every thing relating to it, and it is necessary for me to dispel it on certain points.

Thus, the history of the Conference of 1878, unless a stop was put to it, would become a legend. It would ultimately be accepted that that assembly, under Mr. Goschen's inspiration, pronounced solemn condemnation on our doctrines, and proclaimed that the silver currency must every-where be restored. I was astounded at the inconsistency between what I heard and what my memory recalled to me. I referred to the documents, and I bring them to you.

The Conference declared "that it is necessary to maintain in the world the monetary functions of silver as well as those of gold." All of us who had defended the principle of the single standard voted for that proposition, but to guard against any misconception we were careful to fix the meaning of it. Mr. Garnier, Mr. Feer-Herzog, and Mr. de Thoerner clearly explained themselves in this respect. And what is its bearing, unless it be to express that the abolition of the silver currency, where it exists, might cause dreadful shocks? I am still ready to declare that if India, for instance, adopted the gold standard, a serious disturbance of values would result. Should I thereby condemn myself? But I confine myself, in order to dispel all mistake, to reminding you of what Mr.

Goschen himself said in explaining his vote: "This formula implies no preference in favor of the double standard; if it were otherwise, my colleagues and I could not accept it;" and he thus concluded his declaration: "As for the desire which has just been expressed, tending to a hope being left open that some day a fixed ratio may be established between gold and silver, and an international value given to them, I declare that, in my view, it is impossible to realize this, impossible to maintain in theory, and contrary to the principles of science." This is how he condemned us.

All monetary history is being written with the same tendency to discover in it the same justification of bimetallism. We are shown the two metals co-existing in circulation at a fixed ratio, yet however far you go back you find this assertion contradicted by the facts. Athens, that wonderful city, which lacked no kind of superiority, understood the impossibility of the fixed ratio, and, boldly cutting the knot, she established by the side of the silver money serving as the standard, a gold money of uniform weight, which was appraised by commerce. Monetary history since that time records only variations of ratio constantly demanding readjustments. I have shown you how in this century it was impossible to enforce the legal rate in France, in the Netherlands, and in Belgium. At our last Session, Count San Miguel brought a fresh and decisive contribution of facts relating to Portugal, in proof of the variability of ratio. Whence arises the mistake? From considering as realized whatever the laws enact. The ratio at 15½ has existed on paper from the beginning of the century, but it has never descended to facts.

What is now going on, what is even said among us, does not escape this transformation which accommodates every thing to bimetallic aspirations. Is a work published, is a speech delivered, is a meeting held in any country to demand the mintage of silver, it is depicted as a plebiscite, which, whatever the attitude of the authorities, annexes the country to bimetallism. You heard the clear and precise declarations of Germany; the honorable Mr. Cernuschi took them for an, at least, moral adhesion to his doctrine. What is more natural, however, than that Germany, who has a considerable stock of silver, desires to see silver preserve and recover its value? But is there any other means of testifying my confidence in the judgment of that great nation than the preferring what she keeps to what she wishes to get rid of? The speeches of Sir Louis Mallet and Mr. Howe, the verdicts, according to Mr. Cernuschi, of Asia and America, should they induce us to adopt his ideas?

The honorable Delegate of India showed us, with great clearness, the inconvenience of a monetary standard of declining value. Confirming and supplementing what I had the honor of submitting to you, he showed us how the fixed taxes, while nominally unaltered, have diminished, and can no longer meet expenditure of increasing amount. The deficit must be made up by an increase of taxes. That increase would be only apparent, for it would only counterbalance the depreciation of coin; but the people do not take account of the intrinsic value of moneys, and in their eyes to increase the number of monetary units collected by the treasury is always to increase the tax. That observation is thoroughly sound; it is as true for Europe as for Asia. It deserves the attention of governments. They must imbue themselves with this idea, that by weakening the monetary standard they steer straight towards an apparent increase of taxes, which will be accompanied by the same host of difficulties as if it were real. One understands, therefore, both how the Indian Government desires to see silver recover its value, and how England is not inclined to effect this by allowing the mintage of silver at home. Is there not here an eloquent lesson?

Mr. Howe's speech is not less instructive.

The honorable Delegate of the United States warmly protested against the idea that the great Republic he represents is aiming at a better market for the produce of its silver mines, those mines being only of very secondary importance to the immense agricultural and industrial development of the United States. Mr. Howe goes further, and wittily ridicules the mutual dispatch of precious metals traveling from Europe to America, and from America to Europe. International commerce is not carried on by cash, but by merchandise.

I entirely agree with Mr. Howe. But what remains then of the dangers of the balance of trade; of the export of European corn; of the impossibility of settling the balance of imports? What becomes both of the necessity of increasing the quantity of corn, and of the advantages of bimetallism in developing international commerce? Coin does not cross the ocean; how then can it act in settling or promoting commercial operations? We should have to impute to silver an invisible secret action derived from its mere presence, and like the catalyptic influences of chemistry shrouded in mystery!

It is not on these incomprehensible effects, any more than on the providential predestination of the metals, that we can rely in

taking resolutions. We must keep to precise facts, and to attested influences.

Have I been mistaken in this respect in explaining the situation to you? You are too much of an optimist, Mr. Denormandie and Mr. Luzzatti told me; you send every body to the hospital, Mr. Howe tells me. These reproaches, however, really justify me.

I testified to the excellent position of gold standard countries; I acknowledged only one serious malady, that of the countries having forced paper currency, pointing out, however, that it was financial, not monetary. As to the Latin Union, with its so-called limping-standard, I was careful to show that its lameness is nothing serious, and will diminish. If I revert to this point, it is in order to give a word of reply to Mr. Seismit-Doda, who descried a reproach in what I said of the influence of Italian paper money, and its abolition. Italy has accomplished a great work. I need not recall the sentiments of the Belgian Government towards her. Great achievements involve great expenditure. I did not, therefore, utter a reproach, but expressed a hope.

If, however, there is one State which sets aside all idea of illness, and of medical treatment, it is that of which Mr. Howe is the Delegate. All proclaim with one accord, the prosperity of the United States.

I admire, as all do, the splendid development of all their resources, and I also admire the unexampled energy which they display in funding their debt. If I differ from my honorable colleagues, it is in not feeling the same alarm that they do at this exuberance of wealth.

Mr. Denormandie, in his address, so replete with the charms of style, pointed us, in proof of the balance of trade not being an empty phantom, to the five milliards difference occurring between 1876 and 1880, between the exports and imports. But does not that very figure demonstrate the imaginary character of that balance? If the five milliards had had to be paid in coin, none, or scarcely any, would now remain in France. But the bank cellars, and the circulation are full of coin; it is still here, therefore, it did not go away, or if it went away it has come back. If such differences had to be paid in five-franc pieces, what would be the good of that panacea, the mintage of silver? It would only pay them for a few months or years, and what afterwards?

Mr. Howe also appears sometimes to feel this fear, that, failing a monetary circulation with a double basis, Europe will be for America a customer who can not continue business. But he him-

self reassured us by showing us that international commerce consists in the exchange of merchandise. If the United States send us the products of their agriculture or industry, they will take ours. It could not be otherwise, unless they wished to send them to us for nothing. I have no hope of that. But if that happened, I hold that, notwithstanding the balance of trade, which would be declared more and more unfavorable, we should be all the richer.

This idea of finding in bimetallism a means of developing international commerce, must be abandoned. There is another means, namely, to level the obstacles created by protective duties, to abolish the artificial barriers which obstruct the commercial relations of one people with another, and to give the activity of the world freedom of action. There lies the path of progress.

If I took the liberty of saying that Governments, and we who are their Delegates, are powerless—Mr. Denormandie reproached me with this—it is only on one point, namely, in efforts to establish a fixed ratio of the money metals.

Without going beyond our special subject, must we, because we abandon this impracticable idea, declare that there is nothing to be done? Mr. Lévy pointed out to me, a few moments ago, the important employment which silver would have if gold coins, and notes under ten francs, were abolished. And if this did not suffice, if in the Latin Union the five-franc pieces, notwithstanding the resumption of specie payments in Italy, remained dangerously in excess, would it be an intolerable burden for the 70 millions of inhabitants composing it to modify that circulation?

These are problems which, without prejudging them, I simply point out. The examination of them is neglected if we look only at bimetallism. It is not clearly enough seen that, whatever is done, bimetallism will always act as a sieve acts, keeping the bad and letting the good pass through.

There is one consequence of the debased monetary system which it will produce, to which, in conclusion, I call your attention.

London is now the great settling place of the commerce of the world. That position it doubtless owes, in a great degree, to its commercial importance, but it also owes it to the stability of its monetary system. People want to be paid in gold, recent proofs of which are the loan just being contracted by Hungary, and the loan announced by Italy. If you wish the great commercial centers of your countries to share one day with London the great

rôle of financial importance, you must have a monetary system as good as the English. To act otherwise is to shut yourself out from all hope. France, no doubt, will not wish to do this any more than Germany, who has told us her views on this point. Even in Belgium we have ambition enough not to renounce that hope. There is here an interest of the first importance.

Count Rusconi, Delegate of Italy, replied in these terms to Mr. Pirmez:

Mr. Pirmez has just delivered a speech. Any speech by Mr. Pirmez always deserves praise; I begin, consequently, with praise. After this, let me be allowed to put some questions to him respecting what he has just said. The whole discussion turns on the definition of money. That was the Declaration with which I ended what I had the honor of saying the other day. Let us come to an understanding then; let us fix that definition. A multitude of interesting conclusions may flow from it.

Is money a merchandise? What character has it in common with merchandise? Is it sold? Is it bought? How is it paid for? Who makes money? Is it not the law? If law does not make it, how can it unmake it? Could the law abolish heat, electricity, and natural phenomenon?

Do not the precious metals lose nine-tenths of their value if they are deprived of the faculty of being converted into money? What has happened to silver, and what would happen, if the mintage of it were every-where suspended, prohibited? Would not that metal immediately lose nearly all its value?

Is not intrinsic value an abstraction? Is it not like the color which the multitude fancy they see in objects, but which is only in light? Now, just as color is in light, and not in the objects, is not value, as regards the precious metals, in law, and not in matter?

What is intrinsic value? Is not matter all equal? Is a molecule of gold worth more than a molecule of mud?

The Conference of 1878 led to nothing, I admit, but that was just why I did not then share in its conclusions, but was, with my colleague at that time, the only Delegate who refused to subscribe to the Declaration which Mr. Goschen had drawn up, and which everybody except myself approved.

Will Mr. Pirmez kindly answer one word—what is money?

Mr. Pirmez. It is merchandise; but merchandise weighed and verified by the State.

COUNT RUSCONI. If the Conference makes that Declaration, all debate is certainly at an end, and the law of bimetallism, and of the ratio, becomes absurd and impossible.

MR. SEISMIT-DODA, Delegate of Italy, held, that the Conference having reached the term of the first part of its labors, could not separate without voting a motion affirming the necessity of doing something in the interest of the rehabilitation of silver with the ratio of 1 to 15½. He would have been happy to take the initiative of a proposal to that effect, but as recent events in Italy imposed an extreme reserve on the Italian Delegates, and obliged them to speak only in their personal capacity, he must confine himself to pointing out to the Conference the necessity of a motion of that character, and to declaring himself ready to support that which had lately been suggested by the Delegates of another Power.

It was, in fact, scarcely necessary to intimate, after the speeches delivered at previous Sessions by Mr. Luzzatti, by Count Rusconi, and by himself, that the Italian Delegates entirely agreed in the Declarations submitted by Mr. Denormandie and Mr. Cernuschi, as well as by Sir Louis Mallet, on the necessity of raising the value of silver, and establishing a fixed ratio between the two metals.

Without wishing to enter the wide field of theoretical discussion, which previous speakers had so brilliantly traversed in all directions, Mr. Seismit-Doda would content himself with putting to Mr. Pirmez a single question with reference to the monetary doctrine expounded in his last speech. The honorable Delegate of Belgium, said Mr. Seismit-Doda, stated that the ratio of value between gold and silver could not be fixed by law, and, a little further on, he spoke of the absolute value of the two metals. Now could Mr. Pirmez say what value is? Is there any absolute value in the world? Is not value always relative? He himself acknowledged this; but, then, may he not be asked whether it is the metal, white or yellow, which serves to buy the object required by the consumer, or to pay for the service rendered? Is it not rather the quantity, the monetary unit, whatever the metal may be, which serves for the remuneration of the service rendered, or for the purchase? The words themselves testify this, for the terms which serve to designate money imply an idea of quantity or number. Thus we call the coined metal *numeraire;* thus the Romans call it *pecunia;* that is to say, representing a certain num-

ber of sheep (*pecus*). These names rest on a true idea, for value as regards money is never determined except by the number of monetary units.

If it be admitted that it is the monetary unit which possesses the purchasing power, is it possible to have that unit in gold? Has not even the Latin Union had to renounce coining the five-franc gold piece which too easily became abraded? Could gold francs be manufactured and maintained as monetary units? Can you reckon in what proportion they would be worn out and lost? It is objected, indeed, that small change is already used, coined in silver at a lower rate. But if five monetary units, 885-thousandths fine, are accepted for five francs, why would not five monetary units, represented by a five-franc silver piece, 900-thousandths fine, be also accepted?

Mr. Pirmez does not admit that the law fixes what is called the value of money, because he asserts that gold and silver are merchandise; but he affirms, at the same time, that the precious metals have an intrinsic value. It is not very easy to comprehend what this expression of intrinsic value really means. The value of the precious metals may be considered as the result of the cost of production, namely, wages of workmen, expenses of extraction and transport, and of the bringing the metal into use. All these expenses constitute the cost price of the metal used for making money, but they do not represent the intrinsic value of money, and that intrinsic value really escapes calculation.

Reverting to questions of fact, Mr. Seismit-Doda stated that the original idea of this Conference, that put forward by France and the United States, and which consisted in fixing, or rather maintaining, the ratio of 1 to 15½, had already obtained numerous and important adhesions. British India, he said, has openly rallied to it through the medium of Sir Louis Mallet. Germany, without confessing that she had taken a wrong road, manifestly feels an uneasiness, shown by Baron Thielmann's Declaration. Spain and the Netherlands have expressed the idea, in which Austria-Hungary seems likely to concur, that it is necessary to restore the value of silver and make bimetallism the basis of an international treaty between the various States of Europe and America.

Italy pronounces in the same sense. It would be wrong, indeed, to impute to her, as Mr. Pirmez has done, leanings to gold monometallism, because, in the loan she is about to contract, she requires two-thirds of the payments to be made in gold. If Italy

thus demands 400 of the 600 millions of her impending loan in gold, it is not solely through preference for gold, but from necessity. It is because she sees silver depreciated by the suspension of mintage in the Latin Union, by the gold monometallic legislation of Germany, by the very series of measures which she condemns and now asks for the withdrawal of. But, pending her obtaining this, it is the commonest prudence for her not to expose herself to become a sink for a debased metal, and, as well remarked in the Italian Parliament by Mr. Magliani, the Minister of Finance, "to become the monetary India of Europe."

The gold monometallist States are interested, like the bimetallist States, in the Conference not adjourning without having given at least some pledge to the populations impatiently awaiting its decision.

Baron Thielmann, on behalf of his Government, has declared that Germany was disposed to do all she could to facilitate the conclusion of a monetary treaty between the various States of Europe, and to prevent their suffering from the demonetization of German silver in the event of its being continued. He added, that Germany might slacken that demonetization, reduce it, effect it only gradually, or agree with the other States as to the manner of carrying it out.

Mr. Fremantle, also has made known that he came with the friendliest intentions to seek the means of arresting the depreciation of silver. It is evident, indeed, that England has a capital interest in not allowing to be perpetuated and aggravated those monetary difficulties of India, depicted to us in so striking a fashion by Mr. Cernuschi, as well as by Sir Louis Mallet, and which inflict on that great British dependency an annual loss of 15 to 20 per cent. on the 16 or 17 millions sterling, annually paid by her to the English Treasury.

Mr. Pirmez himself declared that there was something to be done, and, while twitting the bimetallists with exaggerating the evil, he acknowledged the existence of a real complaint which it is important to remedy. It is true his idea would be that the ratio of 1 to 15½ must be altered, but does he fancy that such an alteration is practicable? Does he think it possible to demonetize the eight milliards of five-franc pieces now in existence? Whom will he advise to take the initiative of such a measure, of the losses it would involve, of the terrible crisis it would provoke?

Such a resolution is not now the point; the point is to reassure Europe, the two hemispheres, mankind, as to the value of one of

the two precious metals serving as a sign and expression of its wealth. The Monetary Conference of August, 1878, expressly recognized, whatever may be said to the contrary, the utility and urgency of measures framed in this sense; it proclaimed the necessity of rehabilitating silver. It is for the Monetary Conference of 1881 to confirm and to complete the vote of its predecessor, by declaring itself, at the very first phase of its labors, firmly resolved to advise the adoption of practical measures, with a view of raising the white metal from the discredit into which it has fallen. If the Conference should adjourn without expressing itself on this point, its silence would certainly be construed unfavorably to silver, and would result in a fresh and considerable depreciation of that metal. That is a result which every body must assuredly be anxious to avoid.

BARON VON THIELMANN, adverting to the words just uttered by the chief Delegate of Italy, respecting Germany's intentions, was bound to repeat the reservations expressed by him at the last Session. The Imperial Government, he said, has made no proposals to the Powers represented at the Conference; its Delegates have merely indicated the path which would have to be followed in order to arrive at an understanding; but the Berlin Cabinet reserves its entire freedom of action.

MR. SEISMIT-DODA replied, that he had simply taken note of the Declaration made at the second Session by Baron Thielmann, and from which it resulted that the German Government was quite ready to consider proposals tending to put an end to the depreciation of silver.

BARON THIELMANN declared, that in this way of putting it, he entirely agreed with the chief Delegate of Italy.

MR. DANA HORTON, Delegate of the United States, desired to present some remarks suggested by the interesting addresses of Mr. Seismit-Doda, Count Rusconi, and Mr. Pirmez.

After explaining that it did not appear to him possible, in the present state of the discussion, to have a resolution passed by the Conference which should condense in a few words the outcome of its proceedings hitherto, he observed that the practical difference between Count Rusconi and himself with reference to the desirability of endeavoring to induce the Conference to agree

upon a definition of money, was of analogous nature to his opposition to this idea which had been expressed by Mr. Seismit-Doda.

It would, perhaps, be but frank on his part to avow that his way of looking at these points was not merely individual, but depended, perhaps, upon a difference of race. These distinguished speakers were of the Latin race, while he belonged to the Teutonic race, and he supposed there was something in his blood which made him unwilling to put confidence in definitions.

For himself, he confessed that he never found difficulty in consenting, for the moment, to the expression "money is merchandise," if people insisted upon using it, and he thought that he could rebut the conclusions of Mr. Pirmez on that line as well as on another. It was for him a question of style, a difference of words rather than of ideas; he might add that there were similar differences between Mr. Cernuschi and himself. This was very natural; there were various ways of arriving at the same truth, and of presenting it to others. But precisely because of these different methods of presenting a subject, it was much better not to confound their methods together.

For example, said Mr. Horton, the honorable Delegate of Belgium, has done me the honor to mention one of my writings ("The Position of Law in the Doctrine of Money," page 174), which was presented as an exhibit in order to avoid the necessity of occupying the time of the Conference in theoretical discussions. Unfortunately, it is evident that Mr. Pirmez, although he seems to desire to reply to this paper, has not yet done me the honor of understanding it. If he should conclude to take that trouble, I should request him to take firm hold of the following point. The views which he expresses on the relations between money and law, touch upon a question, as it seems to me, which is very ancient, very difficult, and in a certain sense, incapable of solution. I allude to the question of volition, of the freedom of the will.

What are motives? What is it that forms a decision? Is it the motive, or is there a will?

Now, gentlemen, among practical men it is, I believe, agreed that freedom of the will exists. It is a fact which the practical man does not deny. But no more does he deny the existence of motives.

Now, law is, in a preponderating sense, the will of society. Is there no free-will here also? It seems to me that the law acts somewhat as the individual does. But, in saying that, I have no idea of saying that there are no motives for the law.

On the other hand, the honorable Delegate of Belgium appears to me to desire to lay the foundation of his theoretical argument against the existence of the will, by citing the existence of motives. Would it not, therefore, be better to lead him into the domain of practice, by asking him what would be the effect upon the ratio between silver and gold if England and Germany should form a Bimetallic Union with us?

MR. HORTON then read the following address:

Mr. President, and Gentlemen—At one of the preceding Sessions, mention was made of the views expressed, outside of the Conference, among the learned men who abound in Paris, concerning the aim and motive of our reunion.

The fact was thus recalled to me that a great deal had been written and said, in various quarters, about the United States, and about the reasons which had led my country to interest itself in the silver question, and that the press had largely reproduced these observations.

I can not say that it surprises me to observe a certain confusion of ideas with reference to the monetary policy of my country. This is the fourth time that I have come to Europe since my entry, in 1876, into monetary controversy as an apostle or advocate, in my way, of a Bimetallic Monetary Union, and each time I have been able to recognize the same phenomenon; it is all very natural; the New World is a long way off.

But when the great Republic of the New World, by the Conference of 1878, put itself in the chair to teach political economy to the nations of Europe, it caused a peculiar perturbation in the scientific mind. Gentlemen, it is to furnish information, in order to calm this perturbation, that I address you to-day.

You are aware, gentlemen, that grave works of philosophy, destined to exhaust some subject, are wont to commence by laying down general principles, *im Allgemeinen*, as our brothers of Germany would say Following this example, I propose to enter upon our present subject by laying down general principles, and I shall do so by means of a parable, which, at the same time, is a true story.

In the month of October, 1868, I was in Switzerland, and as I was reclining on the slope of a mountain that looks down on the famous valley of Lauterbrunnen, opposite the Staubbach, I talked with my guide. Among other things, the good man told me that, further on, in a certain direction, were great forests, and in these

forests, large wolves, and very fierce; that these very fierce wolves were not native to these forests. But, said I, where do they come from, these wolves?

He answered me that *they came from America.*

I was struck dumb. There was nothing to be said. Gentlemen, I admit to you, in all frankness, that the man who said that was perfectly sincere. He had no prejudices; no ulterior purpose to serve. He knew nothing of the phylloxera, that fearful scourge, for which nature, and not man, in America, is responsible. The protectionists of the farming interest had not yet invented the trichina, or the diseases of American cattle, as a political instrument. No, on the contrary, the man's geographical and zoological science was the natural product of his naïve and simple intelligence.

Gentlemen, I think we can say as much of monetary science, when it speaks, as it speaks sometimes, of the metal silver and of the Americans. For my part, I can only say of these interpreters of monetary science, as I do of my man of Lauterbrunnen, *O, sancta simplicitas!* Oh, holy innocence!

Gentlemen, among the questions which have been suggested by speakers who have preceded me, are the following:—The present circulation of silver coin in the United States; the future production of the silver mines; the interest of the United States as silver producers; will silver from American mines be exported to Europe if the Bimetallic Union is formed? The need of enlargement of our present stock of metallic money; the motives which have led the United States to take the initiative in the formation of a Bimetallic Union.

I shall treat of these questions in the same order.

With reference to the circulation of silver in my country, three important points are to be considered:

First—We are accustomed to the use of paper; which, however, does not mean that we are not "metallists." We simply allow the precious metals to act, so to speak, by attorney. They enjoy all the advantages of the rule of law, *Qui facit per alium facit per se.* Formerly, we had the system of gold certificates of deposit; now the greenbacks, payable on demand in gold, but never paid, because no one asks for the coin, are themselves, in a manner, gold certificates of deposit. We have also the silver certificates of deposit, which, like the bank-notes of our national banks, circulate on a footing of equality with the greenbacks.

Second—At the end of 1880, 31 per cent of our greenbacks and

bank-notes were of the denomination of 5 dollars or less, and 81 per cent. were of the denomination of 20 dollars or less, and so below the value of the smallest note (5*l.*) used by the Bank of England.

Third—The custom of using checks is, I think, even more developed among us than it is in England, and, in fact, is developed to an extent of which it would be difficult, I think, for one accustomed to the use of checks on the continent of Europe to form an idea.

In the state of affairs thus indicated, there is naturally very little gold and still less silver in actual use. The pockets of the public contain neither the one nor the other in large quantity. As far as silver is concerned, the table given by the Director of the Mint of the circulation of silver dollars (November, 1880), indicates that, of the 72 millions coined, 36 per cent. circulated in specie, 25 per cent. by means of the certificates of deposit, while the rest were in the treasury awaiting distribution. A later statement (30th April, 1881), shows that 50 millions of silver certificates have been issued.

We can now turn our attention, for a moment, to the fear which has been so often expressed, that the mines of Nevada will increase their annual yield of silver. The honorable Delegate of Norway has recalled to us that, in 1878, the American Delegates (it was the Honorable Mr. Groesbeck of whom he was speaking) had announced that various silver mines in Nevada seemed to be nearly exhausted, and that the yield was diminishing. The fact is, gentlemen, that the figures given by Mr. Burchard, Director of the Mint, indicate a production estimated, for 1878, at 45 million dollars; for 1879, at 40 millions; and for 1880, at 37 millions (I shall present an exhibit which contains the exact figures); so that these views expressed in 1878 seemed to be justified.

But, in my view, the question of one or more correct predictions is here a matter of minor importance; I prefer to reply to the points made by the honorable Delegates of Norway and Belgium, with an admission of the probability that the free coinage of silver, the rise of its ratio to gold, will produce the effect of stimulating the production.

But, at the same time, gentlemen, I shall have to enter upon the record a formal protest against a claim which the honorable gentlemen seem to me to present; and that is, that they have, in their argument, the right to the advantages of two contradictory hypotheses at the same time. When an argument has been built on a legitimate prediction (that is, upon a calculation of probabilities),

it will not do to turn right about, so to speak, and construct an argument on a prediction diametrically contrary to the first. Gentlemen, the clause of "the most favored nation" regulates our relations, I admit. We have, here at least, all of us, monometallists, bimetallists, two-metallists, free coinage in our arguments, freedom of exchange in our ideas; but that does not imply any rights which are not recognized *jure naturæ et gentium*.

If the rise of silver and fall of gold, which is to take place when the Bimetallic Union is established, is to bring about an enormous rise of prices (and, if I have rightly understood them, this is the argument of the honorable Delegates), there will be no more profit then than there is now in working silver mines; the same per cent. will have been added to the cost of producing silver which has been added to the gold price of silver.

But, gentlemen, let us accept, if you will, the hypothesis as it has been presented to us; admit, for a moment, that there will be an increase of 100 million francs in the annual yield of silver. What will be the effect of it? We have, according to Dr. Broch, 16 milliards (francs) of silver money, and there is an enormous mass of uncoined silver beside. Can you see, in an increase of 1½ or 3 or 6 per mille, above the average annual enlargement of its stock of metal, a fact which contains any menace against the monetary peace of a world which destroys every year, and which has absorbed every year, for centuries, such an enormous quantity of the two metals?

As for the interest of the United States as silver producers, of course there are individuals who have a certain interest in a rise of silver. Any one who desires to take the trouble can calculate what this interest amounts to; and then, when he has made the calculation, it may be necessary to cross off almost the entire sum, on account of the loss which the gold-mining interest may suffer by reason of the fall of gold or loss of anticipated profit from its appreciation. But I think, gentlemen, that I have already indicated that it is rather the part of my philosopher of Lauterbrunnen, than a serious man, to attribute importance to the silver-producing interest in the United States.

Gentlemen, in our discussions there is question of the exportation of silver from the United States. In saying that rivers never ascend to their fountain heads, Mr. Pirmez has expressed, with his habitual *esprit*, the fear so generally felt, that American silver is about to inundate Europe.

Now, what are the actual facts? How much new silver coming

from the mines has been exported to Europe from America in these late years? I can not give the precise figures, I hope to procure them; but my belief is, that the yield of American mines has had for its market Asia, by way of San Francisco, and the American Mint. But, gentlemen, the United States produce a great quantity of gold. During the last 20 years they have produced far more gold than silver (rating these metals at $15\frac{1}{2} = 1$); and within the same period the United States caused their stock of gold coin to be transported to Europe, in 1862, 63, when the paper money was issued. I shall, therefore, say to Mr. Pirmez, as I was obliged to say to the Conference of 1878, if you predict for Europe an inundation of silver, why not also an inundation of gold?

A great country, which has 32 francs per capita of gold coin, and 12 francs per capita of silver coin (small change and dollars taken together), which possesses a vast and yet uncolonized territory, a country whose population increases in enormous proportions, a country which still holds its paper money to be retired, can certainly undergo the burden, at least for a series of years, of employing at home all that part of the annual yield of its mines for which Asia, by way of San Francisco, makes no demand.

But I can not believe that the honorable Delegate of Belgium is really in earnest in this matter.

As a former member of the Conference of 1878, he must know the object of that Conference. That object was the formation of a Bimetallic Union; and every one knew that the only practicable ratio for such a union was that of 15½ to 1; and, therefore, it was the ratio of 15½ which was to be established in the United States. It is generally known that since then the United States have drawn to themselves a great quantity of gold, and that the larger part of this gold has come from Europe, while the share of new gold from the mines which is kept in the United States, is much greater than formerly. Of course, this increase of the need of keeping at home the newly-produced gold has, in a certain sense, the same effect as an increased employment of gold which is met by bringing in gold from other parts of the world. We have to consider not merely the gold taken directly from Europe, but also the gold which, in what might be called a normal state of affairs, would have been taken to Europe, but which, in fact, is now held back in America.

Now, from the beginning, I must confess I have regarded it as the probable result of a Bimetallic Union, that dollars of the Latin Union, the five-franc pieces, would be recoined into American

dollars. I remember having said, in the Conference of 1878, that the United States were drawing, and would continue to draw, to themselves a large part of the metallic stock of Europe, and that the question for the Conference was whether they should take silver or gold.

The Delegate of Belgium seems to have been very indifferent to this question. Unfortunately, it is a question which does not permit itself to be suppressed.

And it is still on the order of the day. People ask with great interest, how far the metallic stock of the United States is likely to increase.

Gentlemen, I am no prophet; I shall merely try to point out some elements for a calculation of the probabilities in this matter. Our paper money is not yet retired and replaced. To retire it, or to cover it entirely with a metallic reserve, would imply a contraction of the monetary basis of the world's business, by perhaps a milliard of francs. Each year we take actual possession of a great extent of land in the deserts of the far West; and every-where in this territory there will be a need to use cash. The banking system, the use of checks, is already developed to a very high degree. I know of no probable change in the direction of increased economy in the use of our stock of money, except, perhaps, the establishment of a national clearing-house. I conclude, therefore, that in a normal and prosperous state of affairs, the United States will employ, at least for some years, a constantly increasing stock of the money metals.

Let us ask, then, what would have been the result if the proposition of the United States, in 1878, had been accepted, if the coinage of silver had been free in the United States, if the United States had drawn to themselves silver instead of gold, what would have been the effect, I say, upon the state of business in Europe?

We have here a question of the highest importance, concerning which the honorable Delegate of Belgium also shows himself somewhat indifferent.

I remember that, in a Conference of 1878, I found myself forced to reply to remarks made by the honorable Delegates of Sweden and Norway, in defense of the gold standard, that the experience of their country favorable to this system by no means settled the question what would be the situation of these countries if the Bank of England should find itself compelled to protect its gold reserve by an extreme elevation of its rate of discount. I remember, also, that, some weeks after the Conference of 1878, I read in

the papers that precisely this event had actually occurred, in consequence of the exportations of gold to New York, and that affairs were taking a bad turn in the Scandinavian countries.

I ask myself whether it is possible that the great Bank of Belgium could be so entirely outside of the current of international business, that it can have been unconscious of the exportation of gold since 1878. I do not believe it, I can not believe it. Indeed, I should be astonished to learn that this great bank did not suffer considerable embarrassment, and that it did not employ its five-franc pieces with ability, as the astute bankers of Holland did, in maintaining its gold reserve. In fact, I may say that, if I am rightly informed, the silver five-franc pieces have made frequent and long journeys, have been sent about on every hand, have circulated with great rapidity between Belgium and France, at the instigation of those whose interest it was to hold back, to keep within the country, the Belgian stock of gold.

It is, therefore, a vital question, gentlemen, what would have been the effect upon the business of Europe, if America in these late years had taken five-franc pieces at a stable permanent rate, a rate guaranteed by the civilized world?

In looking for an answer, gentlemen, let us place ourselves upon a still higher standpoint; let us ask what would have been the effect if neither Germany nor other countries had suspended the free coinage of silver?

In those questions, I think, will be found one of the most effective ways of getting at the root of the matter, especially as this point of view of the *statùs quo ante bellum* has hitherto been a little neglected.

Gentlemen, the existence of a money-basis for the business of the world is a fact; it is not an abstraction, it is a reality. At any given time there is just so much money in the world. On this foundation rest all valuations, all systems of credit, all investments, all business, all prices of merchandise and of real property. It is also a fact, gentlemen, and a fact which must be equally respected, that under circumstances which we can now regard as normal, this basis increases every year.

Here, then, are the two controlling facts, a certain quantity of money in existence and the need of an annual increase of this quantity.

You may say, with Ricardo, that if this base were half what it is; if, for example, the world were using to-day 17 instead of 34 milliards of coin, money would render the same services to human-

ity as before. Gentlemen, this is absolutely true. Here, I admit, that the honorable Delegates of Sweden, of Belgium, and of Norway, are in the right. But, gentlemen, this saying of Ricardo's is true in the same sense as it is true that if it had pleased the destiny, which rules these matters, to make us all a foot shorter than we are, men would still be men. The thing is conceivable, gentlemen, but it is not practicable.

So, in the same way, if you suppress the intermediate steps, and strike directly for the result, you can say: "I find no inconveniences in a fall of prices. Indeed, it would be very convenient, metallic money is so heavy, we have to use such large figures in money calculations. All that ought to be changed."

But, gentlemen, it is not the result, it is the means of arriving at it that is important. Of course, I can say, if I wish to, that I should be perfectly content if I were to lose a foot of my height. But how are you to arrive at a height of five instead of six feet? Here is the question, here the difficulty, which the honorable Delegates of Belgium, Norway, and Sweden seem rather to evade.

The world of business, the world of men of enterprise, the world in the midst of which men of force and of capacity act, is an organism; and the motive which urges these men to the production of wealth is the hope of receiving a little more than they give; it is the difference between the cost of production and the price at which sale is made afterwards which makes the organism move. When all the prices at which sales are made are falling, when the force of gravitation which rules the world slackens, there is less movement, there is less production, less consumption, less success in business; there is embarrassment, there is a prolonged crisis, or, what we call in English, hard times. When prices rise, on the contray, there is always an encouragement to production.

To sum up the matter, gentlemen, I hope that all will admit that the great problem of monetary legislation is, and always will be, to maintain the stability of the international and national purchasing power of money. Here is the ideal, stability. Now the organism of business is such, that when money rises in value there is a tendency on the part of the man of enterprise to cease to create wealth; while when money is falling in value there is a strong tendency to induce him to increase his production of wealth. *Prima facie* then, gentlemen, if it be absolutely necessary to choose between a fall or a rise in the value of money, we should choose the fall. If it be absolutely necessary to choose between a partial

exhaustion of the mines and an increase in the annual yield of the mines, we must choose the latter.

Such, at least, are the conclusions at which I arrived five years ago, when I entered into monetary discussion. I have never had the honor since then of hearing any arguments which directly applied to the question as it then stood. I shall, therefore, beg my honorable colleagues of Belgium, of Sweden, and of Norway, to consider whether I am not right, *prima facie*, as the question now stands, and whether the *onus probandi* does not rest upon their shoulders.

Now, gentlemen, the issue of paper money by the United States in 1862–64, and the issue of paper money in Italy, in 1866, had the effect of reinforcing the movement towards that more than normal enlargement of the money-basis of the world's business, which took its rise in the mines of California and of Australia.

Already, after 1870, this movement was checked, the production of gold was diminishing, when a contraction of the money-basis was commenced in a different way. The various measures adopted in different countries with reference to silver coin and bullion, had the effect of sending a certain amount of silver to countries where the circulation is slow, of keeping a certain amount of silver in the condition of bullion, of embarrassing the circulation of silver coin; that is to say, of preventing existing silver coins from performing their duties as money in the regular way. The effect of the monetary policy of the Western World was, therefore, to contract the money-basis up to a certain point. But this effect was produced just at a period when, from my point of view, the enlargement of the money-basis through the paper money of the United States and of Italy had ceased to be operative, and when the annual production of the two metals did not, in all probability, exceed the normal need for the annual enlargement of the money-basis. It was just then that this attack was made upon the metallic stock of the world.

Prima facie then, gentlemen, the persecution of silver had a great deal to do with the prolonged "hard times" which have followed 1873.

If answers could be made to the question which I have addressed to the delegates of the Conference with reference to averages of price, it would probably be found that the purchasing power of money has increased. But, gentlemen, with this you will not have taken account of all the loss. You will have calculated, so to speak, the *damnum emergens*, the actual loss, but will not have

taken account of the *lucrum cessans*, the loss of profit, which might otherwise have been gained.

You observe, gentlemen, that I do not speak of the damage suffered by commerce between Europe, Asia, and South America. This point has already been fully discussed before the Conference. I ask you, therefore, for the moment, to eliminate this point from our consideration, as far as this can be done. It is of the production and of the investments of Europe that I speak. If it be desired to consider the question as it appeared in England, to English scientific men, I shall have the honor of presenting you with some investigations into the fall of prices in England, as an exhibit to the Journal.[1]

Gentlemen, I hope no one will suppose that, by what I have said, I mean that the free coinage of silver in the Western World would have prevented the crisis of 1873. This is, in no sense, my meaning. I merely say that, *prima facie*, looking to the facts as they stand, the crisis would not have lasted so long, would not have been so intense, if the free coinage of silver had never been interrupted. It is no answer to reasoning of this sort, to speak of the special events of the crisis of 1873, of speculations here and there, of railroads in America, and of stock companies in Germany; these are waves, gentlemen, very high waves, very disastrous waves; I recognize the fact; but what I am talking of is the existence of a tide.

Well, gentlemen, the tide is threatening us still. But it is the same tide which was threatening the world three years ago, when the United States convened the Conference of 1878. It was the duty of my country to contract the world's money basis by accumulating a stock for the restoration of payments in coin. What part of the two milliards of gold, which constitute our total stock, must we attribute to the monetary policy which aims at the retirement of the greenbacks? This is a question into which I have not time to enter. It is a branch of the matter at issue between Mr. Pirmez and myself, concerning the influence of monetary legislation upon the employment of different kinds of money. But I can not suppose that Mr. Pirmez would maintain that, had the paper money party in the United States succeeded in defeating the measure for resumption of specie payments, we should have had by this time the same stock of gold we have now. In any case, it will be necessary to ascribe to our monetary legislation the presence in the

[1] Exhibit A, p. 349.

United States of a large sum of gold, the dividing up of which, at the present time, among European banks, would, I think, produce a very agreeable effect in Europe.

Gentlemen, I do not believe that this second arbitrary and artificial contraction of the world's money basis has had a good effect upon Europe. I may add that, in my belief, it is not merely an occasional rise of the rate of discount in Europe which indicates either the *lucrum cessans* or the *damnum emergens* of monetary policy; it is the direction taken by capital.

Now, as we have already seen, this diminution, this contraction of the money basis, never would have taken place if Europe had accepted the Bimetallic Union proposed by the United States in 1878; inasmuch as the restoration of the free coinage of silver would have set free an amount of metallic circulation sufficient to supply the demand of the United States. Is there to be a third contraction? Is the ebbing tide to land Europe on the breakers which are ahead, but which may be covered by safe waters if the Bimetallic Union be formed. This Conference will, in the end, decide this question.

Meanwhile, I ask you to think of a further contraction of the money basis, which is possible. The silver money of Europe, gentlemen, if it were sold in India, the five-franc pieces, the thalers! There you have a terrible contraction, the result of the propaganda for the Gold Standard, against which, in 1878, the voice of England pronounced itself so clearly by the speeches of Mr. Goschen. I must confess it seems to me that, even in 1878, to oppose the propositions of the United States was like dancing upon a volcano.

What were the motives, gentlemen, which led the United States to take the initiative, in order to replace the monetary dead-lock inaugurated by Germany (imitating England), by a new balance of power in the Western World?

I reply that, in the first place, the degradation of silver in the Western World acted, so to speak, as a conspiracy against us, the object of which was to prevent us from putting an end to the paper money régime to which the civil war had subjected us.

I do not say that any one was conscious of being such a conspirator; I merely say that, if any one had desired to prevent the restoration of specie payments in a nation which had enormous debts, and an inexportable and depreciated money, he who should prevent silver from remaining an international money, he who should bring

it about that the money basis of the world should be contracted, would have made a great step toward his aim.

The blanket, gentlemen (to recur to the figure used by the great German statesman), would have been made narrower artificially, and there would have been no place under it for the United States. Convinced myself, five years ago, that the United States would, in any case, have the power to procure all the gold for which it would have need, I was persuaded that, to contract by force, and by a considerable quantity, the money basis of the world's business was a dangerous, perhaps, even a disastrous, course.

To conclude, gentlemen, our paper money, as you know, is not yet retired; our country, like the rest of the world, has suffered much; we have more than two milliards of gold, notwithstanding the non-retirement of the paper money; and we are in a much stronger position than that which we occupied in 1876, when the discussion of the silver question began, and also stronger than that which we occupied at the date of the Conference convoked by the United States alone. But, gentlemen, we are still here as the representatives of a Government which invites the Western World to form a monetary union, in spite of the fact that this monetary union imposes upon us the condition of replacing a part of our gold stock with silver dollars coined out of melted European coin.

Gentlemen, we are very selfish in making this invitation. We still think that it is not desirable that the money basis of the world's business should be artificially contracted, that the normal enlargement of this basis should be artificially prevented; and we think that the lack of a *modus vivendi* between gold and silver, concerning which so many able addresses have already been made before you, is injurious to commerce and to international investment, and hence to the world's prosperity. We do not wish to suffer ourselves through contraction, and through the absence of a stable bar between gold and silver; but we still think that other countries have an interest in this monetary union at least equal to ours; indeed, we have a certain confidence that, in any case, we shall not suffer as much as the rest of the world.

It is our interest that other countries should be put in condition to do as we are doing, to put an end to the régime of paper, which is an unstable, inexportable money; and it is our interest that each specie-paying country here represented should procure, as the basis of its business, what it has not now, an international money, money of silver and gold, the most stable money of which history furnishes us an example. We believe that, if it could be done without too

great a contraction of the money basis of the world, without provoking serious disturbances in the economic world, the restoration of specie payments in Italy, in Austria-Hungary, in Russia, or the maintenance of their paper money at par, would be a benefit for all countries which have relations with these powers; and we believe that the formation of a Bimetallic Union will advance the possibility of such progress.

In a word, it is our interest that the whole world should be prosperous.

You see, gentlemen, that a common-place of political economy is thus become the creed of a nation.

You see, also, that we have attained the *ne plus ultra* of selfishness. Our selfishness has continental dimensions; it extends from China to Russia, by the way of San Francisco and New York. In the words of the psalmist: "Its line is gone out through all the earth; it is like the sun; its circuit is unto the ends of the heaven; and there is nothing hid from the heat thereof." For myself, I avow to you, I am so selfish that, when I think of what the formation of a Bimetallic Union may do for the progress of civilization, I am really pained at hearing discredit thrown upon the interest, the right to be heard in this matter, of paper money countries like Italy and Austria.

But I can cite to you other instances of American selfishness.

In 1776, for the colonists rebelling against the tyranny of George III, nothing was more important than to have it known why they rebelled; so, likewise, gentlemen, Lincoln's proclamation freeing the slaves, in 1862, was expedient as a means of giving new strength to the nation in its conflict with the rebels.

Here, therefore, you have before you two measures, plainly of a nature to serve private, selfish American interests, the Declaration of Independence and the Abolition of Slavery. Well, gentlemen, the Bimetallic Union belongs to the same family.

Do you suppose that the declaration of Jefferson and the proclamation of Lincoln would have been crowned with the same success had they meant nothing for humanity? No, gentlemen, you do not believe that; and it is in this fact, which you thus recognize, that you have a guarantee that the United States will not remain content without continuing their efforts to realize this union. As I have said to you, we are in a position to wait. Three years ago, we offered monetary peace to the great powers of the world; so, at least, as one of the envoys who crossed the Atlantic to bring you our proposition, I myself, interpreted it. The Great Powers

preferred war; and they have had war. It is in the thoughtful and earnest utterances of Mr. Denormandie, in Sir Louis Mallet's noble address, in the magnaminous Declaration of the German Empire, that we can recognize the melancholy truth.

For the United States, gentlemen, Christendom to-day, in this matter of the conflict of monetary systems, is, so to speak, in a leonine partnership (*société léonine*), in which destiny has assigned to them the part of lions. If ever a people had the right to use that bitter irony, it is we, who can say *Beati possidentes*, blessed are they that possess. Spoiled children of Providence, owners of a continent replete with wealth, inheritors of civil order, of liberty, of peace, if we desired to indulge ourselves in a selfishness that should be narrow and blind, we have now the opportunity. But we do not say those cruel words. If I must seek a formula, similar in form to that which we thus renounce, you will pardon me if I claim the right rather to say, as I had once occasion to say three years ago, *Benedictus qui venit in nomine veritatis*, blessed is he that cometh in the name of truth.

Mr. Cernuschi, Delegate of France, wished to offer a few observations in reply to the speech of Mr. Pirmez. He congratulated himself that the honorable Belgium Delegate had been good enough to credit him with logic. Logic, said Mr. Cernuschi, is, in monetary as in mathematical matters, the master quality, the indispensable guide.

But how are the other bimetallists less logical? Mr. Howe has said that Europe and the United States should definitely fix the international legal ratio between gold and silver. Sir Louis Mallet has said that the ratio $15\frac{1}{2}$ must be adopted, and that ratio, henceforth accepted by all bimetallists, is even approved by the monometallists, such as Mr. Broch and the London "*Economist.*"

Mr. Rusconi has rightly said, you only wander at hazard as long as you are not agreed, on the very principle of money. Money, it can not too often be repeated, is not merchandise.

It was invented expressly to serve as a medium between all merchandises, just as the broker serves as a medium between merchants, yet is not a merchant. If the money metal had continued to be merchandise, we should still be without money. The money-metal is not valued any more than the meter is measured. It is objected, indeed, that it may change value just as a meter of bad metal may vary in dimensions. But that is an internal variation, so to speak, which is guarded against, as far as possible, by taking as money the

two metals whose masses are least changeable, silver and gold, and by combining them by the bimetallic law, just as for a good pendulum several metals are employed, whose variations of volume neutralize each other. But it must be repeated; no more than the meter is measured is money bought or sold. Were it otherwise, were money purchasable and vendible, there would be no money; there would be barter.

Until 1874, no producer or owner of silver, in any country, had ever furnished a kilogramme of silver, nine-tenths fine, for less than 200 francs, nor a kilogramme of gold for less than 3,100 francs. That was the ratio which France had made a matter of public and universal law, by coining, for all comers, any quantity of either metal at 15½. It is true that the English, subject to gold monometallism, had, at one time and another, required silver for Asia, and had come to search it in France, by means of a premium above the 15½ par; and again, that when they received bars of silver at London, and had no immediate use for it, they exported it to Paris to barter it for gold, by means of a premium above the 15½, in the opposite direction, for the French gold; but these facts do not justify the statement that one metal was "cheaper" and the other "dearer." These facts prove that English monometallic legislation was inferior to French bimetallic legislation. Had England herself been bimetallic, she would not have paid premiums above the French rate, now on silver and now on gold. Let England adopt international bimetallism, and those ridiculous expressions of "cheaper" money-metal and "dearer" money-metal will no longer appear either in books or in newspapers.

Mr. Pirmez, affirming that bimetallism can not possibly be established in the future, and that the fixed ratio of 1 to 15½ could never maintain itself in the past, cites, in support of his assertion, the example of the Netherlands, Portugal, and the United States; but what is such an argument worth? What matters it that Portugal has vacillated, that the Americans have passed from the ratio of 15 to that of 16, that the Netherlands were mistaken in adopting, in 1816, the ratio of 15.875, too favorable to gold as compared with the French 15½, and which made them a gold monometallic country, until legislation, in 1847, demonetized that metal? What matter all this if the French ratio of 15½ has every-where and always governed the relative value of the two metals throughout the world? No other legislation has been able to survive or prevail. Two different ratios can not co-exist on the globe. It is not possible for the two metals to circulate simultaneously here at 15½, and there at 15

or 16. The United States are quite aware of this. Their 15 made their gold emigrate to Europe, just as their 16 made their silver emigrate. This is a historical an undeniable proof that the 15½ could never be shaken; that until 1874 there was every-where identity of value between 1 kilogramme of gold and 15½ kilogrammes of silver. Ask the Indian Treasury; it will tell you there was a constant par of exchange at 15½ between the silver rupee and the gold sovereign.

Mr. Pirmez has a perfect right to recall the reservations made by the Delegates of Belgium, in a monometallist sense, in 1878, but, as already indicated by Mr. Howe and Sir Louis Mallet, the work of that Conference has been judged by its fruits. It has perpetuated monetary anarchy, and that anarchy has caused the evil now suffered from, of which every one complains, and which there is nobody who does not desire to remedy.

Mr. Pirmez and the monometallists threaten Europe with more terrible evils, with dreadful crises, if it listen to the counsels of the bimetallists, but are the bimetallists those who claim to make a monetary revolution? According to their opponents it would seem as if they were trying to introduce silver side by side with gold, whereas, it is really the gold monometallist who have been trying to expel silver, and could not and can not succeed.

Mr. Pirmez has drawn another argument from Hungary effecting her last loan in gold, and he has inferred therefrom the superiority of gold to silver. Strange reasoning! If the loan is in gold it is because the gold monometallists have succeeded, by changing the laws, in depriving silver of its old monetary value. The monometallists proscribe silver as international money, and then, when international operations have been made with the only metal now coinable in Europe and the United States, they say silver is good for nothing. They do the mischief and then accuse their victim of it.

It would be well if Mr. Pirmez would consider afresh the balance of trade question. He denies it and denies its effects. Yet that balance is a reality. To take account of it, one must consult not so much the statistics of incoming and outgoing merchandise as the actual departures or entries of money-metal. Within a year steamers have taken several hundred millions of gold from Europe to New York. Can the balance of trade be denied? Why, is not almost the main function of metallic money that of settling international balances? Primitive nations, it is true, having no money, but being condemned to barter, did not pay bal-

ances of trade. They were ignorant of monetary crises, just as they were ignorant of railway accidents and steam-engine explosions. Would you revert to that rudimentary state when products were exchanged for products without a monetary medium, and, consequently, without the possibility of a commercial balance to receive or pay? Moreover, paper money, national money, might suffice for purchases, sales, and loans between fellow-countrymen. Metallic money is an international necessity.

Mr. Pirmez does not deny the uneasiness of the countries called limping bimetallism countries, because the coined silver, though unlimited legal tender, is not, like gold, freely coinable. He acknowledges that something must be done for them, but he rejects the only remedy by which they can really profit, non-limping bimetallism; and he proposes no substitute, for that name can not be given to the suggestion he made of reducing the nominal value of silver coins. You might as well reduce the size of the notes in a paper-money country, or declare, for instance, that 100-rouble notes shall henceforth be worth only 60 roubles. As for the paper money States, it is idle to distinguish between their monetary policy and and their financial policy. The two are only one, and without international bimetallism the resumption of specie payments is almost impossible in Italy, Austria, and Russia.

I can only beg the honorable Delegate of Belgium to submit in writing, before our next meeting, precise proposals as to the measures to be taken to put a stop to the present *morbus moneturius*, and I can only invite him to fix his attention on the fact that the heads of the great European banks, the Governors of the Bank of England, Bank of France, Bank of Germany, Netherlands Bank, and Bank of Italy, are all, without exception, favorable to bimetallism.

Assuredly, France is not the country most menaced. Her five-franc pieces are henceforth unexportable. They can not be put into the crucible without an enormous loss. They are in truth only a kind of paper money, without international use. That is an evil, a great evil. But, in point of fact, France has not hitherto suffered from it. The five-franc pieces are at par with the gold francs, and indirectly with the pound sterling. The French Budget shows no loss from the monetary disorder, whereas the Indian Budget, for six years, has been undergoing an annual loss of 20 to 30 millions of rupees, a loss entirely due to the disappearance of French bimetallism.

French merchants do not carry on the same enormous trade with Asia as the English. They have not to bear the losses and risks

of a debased and always uncertain exchange. No petition has been addressed to the French Chambers praying for the re-establishment of the value of the rupee and the tael. A good harvest would suffice to stop the export of gold by Calais or Havre. France might wait. If she is bestirring herself, if she is laboring in concert with the United States for the monetary rehabilitation of silver, it is in the universal interest. She will certainly derive advantage from it, but that advantage will not be to the disadvantage of any other nation, just as the profits of other nations do not turn to her detriment.

Mr. EVARTS, chief Delegate of the United States, then addressed the Conference (in English) as follows:

Mr. President, and Gentlemen of the Conference—The first disturbance in what was a satisfactory condition in the working of the money market of the world, become so by either a fortuitous or a circumspect consent which had obtained between the nations theretofore; the first disturbance in that condition of things grew out of the debates, and came as a sequel of a Conference that really had no function or duty in the matter which we now discuss. The Conference of 1867, meeting for and undertaking to treat that important consideration of convenience and utility, the unification of the coins used in the computations and transactions of the world, naturally, under a scientific, a mathematical, a symmetrical consideration of the subject, felt as if there were but one metal money in world, it would be easier to have a universal system of coinage. Bent, with the zeal of their work, upon accomplishing that secondary result, and finding that the reduplicated impediments grew out, both of the use of the two metals, and of the great diversity of coinage in the two, they thought that the way to get at a unity of coinage was to have but one metal in the service of the world for its money. This was a clear subordination of the end to the means; this was a sacrifice of money that could not be spared in its volume and in its force, in order that the symmetry of the mintage might be more conveniently attained. This was in the nature of a sacrifice of the great and manifold transactions of an open commerce to the convenience and the simplicity of the bookkeeping which records it.

Unluckily, this scientific appreciation fell upon two great countries under circumstances which hid, perhaps, from their eyes the mischiefs, and made of less consideration the responsibilities of an effort toward the demonetization of silver. Germany, interested

in its own unification, the great political transaction of our age, found political reasons why the unity of money in Germany was of great importance to the unity of society and of the State. Then this unhappy idea that, as the diversity was most in the silver, and the habits, antagonisms, and preferences of the people were most involved with the silver, if you would unify the money by having only the gold, the Empire with its golden currency would easily master the suppression of the diversities of the inferior coinage. In the United States, these ideas of the Conference of 1867 reached us when we were using neither silver nor gold, and when the public mind was inattentive to the consideration of so intimate, so comprehensive, so universal an influence upon all the interests of a State as a change in their money might exert. In the presence, then, of the fact that neither silver nor gold was the practical and present money in our daily use, the money in which we, to the common apprehension, had to accommodate our relations to the other nations of the world, the movement took place by the Act of 1873, a coinage Act, as I understand it to have been; which, under this unlucky incident of regulating coin, has seemed to suppress one-half the intrinsic money of the State.

In 1878, the United States, looking back upon their grave experience in relation to disordered money, looking forward to the great restoration of the firm footing of money on a metallic basis, which they had planned by legislation, and to which they were shaping their financial energies; and seeing that the question whether our currency at home could be made stable and safe in its relation to intrinsic money, and whether we could, in the anticipated renovation of our commerce, for which we were preparing, hold that share of the intrinsic money of the world that was necessary for our transactions of domestic traffic and foreign commerce; in this situation, I say, the United States came to the conclusion that, as there never had been a time in history when both silver and gold had not been necessary and been used as money—as there never had been a time in history when their united strength was more than adequate for the unfolding progress of society, so above all things, at this age and in the actual circumstances of the world, was this true. In the immense development of representative or secondary money—in the immense expansion and the international relations of commerce, and in the multiplication of the daily uses of money, brought about by rapid transportation and telegraphic communication—the attempt at a permanent basis for our domestic circulation, and for our participation in the

commerce of the world upon less than the broad basis, the united strength, firmness, and fixity of the two metals, seemed a vain hope.

This led to our legislation of 1878. You will readily understand that in face of the movement in Germany, in face of the disorder apparent in the Latin Union system, in face of the discrepancy between the Indian circulation and the home circulation of England, it was not for the United States, however firm their faith, however assured their principles, to throw open their mint, as the only one in the system of Western nations, to the free coinage of silver. We undertook, then, its limited coinage—we gave the coined dollars full legal tender faculty—but the mutation of the metal into coins was reserved to the Government. This method did not accredit silver as entitled to be turned by its owners into money by the stamp of our mint, but allowed only an acquisition of the bullion, and the conversion into coin by the Government on its own account. It is not necessary for me to allude to the diversity of political or economic opinions which led to the bill taking the precise form it did. That it did not overlook, that it was made in full appreciation of, an international situation, is proclaimed by that clause in the bill which provided for the calling by our country of a Conference of nations on their monetary system. The problem that was too much for any one nation—the problem of a fixity of ratio between silver and gold, which should make one money out of the two metals for all the world—was to be made the subject of joint consideration by the nations most interested in that problem. The nations took at least no offense at this invitation, and the politeness of the French Government gave us all the hospitality for that Conference that they could have accorded to it had it been called by France. But what was that Conference in its attitude, either of hope or fear? What conclusion, what result flowed from it? Germany was not represented at all. England was present in the body, but absent in the spirit. France and its group of nations occupied only an expectant attitude. The United States found, to their appreciations, to the arguments by which they supported them, to their warnings, to their fears, to their hopes, no response that, by way of action or by way of assurance of action, they could carry home as a result. But we did obtain from the Conference this conclusion, this concurrent sentiment, that, if nothing could be done or promised in the direction which we desired the movement to take, nothing could be tolerated in the opposite direction; that the united nations entertained a hope that natural causes would bring a reaction to set things right, and that

their best wishes for so desirable an end would accompany any efforts that the United States, or any other Power, might make to relieve the situation from its admitted difficulties and dangers.

The United States Government was not disturbed in its convictions, nor swerved in its conduct, by the imperfect treatment which the subject received from that Conference. It has gone on with its coinage, resumed specie payments, has had an unbroken progress in prosperity, in wealth, and in its greater and greater mastery of the money question. It is disturbed by no new troubles at home, but it has waited until the mischiefs of disordered money should make themselves more apparent to the appreciation, or, at least, to the responsibility, of the European nations; and now, how different an aspect from that of the former Conference does this assemblage, which I have the honor of addressing, present to-day to the nations of the world. Germany is represented. Germany exhibits an appreciation of the disastrous outlook, and its desire that the money of the world should be put upon a better footing. Germany gives good wishes and sympathy towards the success of any such movement. But Germany, besides, proposes to take, by such means as are within its competency in deference to its domestic affairs, some share of the burden—to bring some force towards the energy which is to furnish relief—some contribution towards the result aimed at. I gather that, when a great Power like Germany sees an object to be desirable, commits to it its good wishes, gives it its sympathy, and promises its contributory aid, it is committed to the success or the failure that may attend the movement. It is not for a great Power to desire, to applaud, to approve, to give help to a movement among the nations, and then to have it fail. It is not for a great Power in a common object—a common benefit—to be satisfied to contribute inadequate, inappropriate, or unseasonable means. Great Britain, for India and for Canada, presents most effective concurrence and most important aid in the propositions and in the movement which we have at heart. For itself, in words not of mere courtesy, but of substance and sincerity, Great Britain says, by its own Delegate, that it will lend an interested ear, give a responsible attention, to whatever this Conference shall propose. France, no longer expectant, is in full accord with the United States in the promotion of the Conference, in the matters, in the purposes, in the principles, in the *sine qua non* upon which success depends. All the other nations are represented by able advocates and experienced men of affairs, who take an active part in the deliberations on the mischiefs, in an estimate of the

methods of their cure, and show in all things a purpose to conciliate, and not to aggravate, differences of opinion or policy, and to reduce the opportunities of discord.

When the United States, too, presented itself at the last Conference, the aspect in which its participation seemed most to strike men was, that it was in promotion of interests that might be natural and honest, but were limited and special: I mean its production of silver, and considerations connected with its public debt. The magnitude of this debt, the necessity of its payment by what was the money of the bond; that is, by the silver or gold money of the United States of ascertained weight and fineness, raised the suggestion that the performance of that obligation was expected to be assisted by remonetizing silver—by placing what was called the inferior metal, the cheaper metal, at the service of the Government in the maintenance of the public faith.

Well, the representatives of the United States, at the former Conference, met and answered those suggestions, and the course of things in the United States since has dispersed all imaginations, even of their special or sinister objects in the matter, into thin air. The question now put to us is, as is obvious every-where in the progress of this Conference; the question now put to us is, "Why is it that in your wealth, your strength, your manifold and flexible energies and opportunities in the conflicts and competitions of the system of nations represented here—why is it that you feel concern for mischiefs which carry no special suffering or menace to you, or anxiety as to the methods of their cure, when you are so free-handed as to the methods and resorts at your choice? Why should these evils that have grown out of a short-sighted and uncircumspect policy, as you (the United States) think—why should you so persistently call upon all the nations to unite, and put yourselves, as it were, on the same footing of danger and solicitude with them?" The answer on our part is simple and honest. It needs no ingenuity to frame it, and it asks no special courtesy or confidence on your part to believe it. It is our interest in the commerce of the world, and we consider no question of the money of the world alien from that interest. Why should we not feel an interest, and an urgent interest, in the commerce of the world? We are seated on a Continent, so to speak, of our own, as distinguished from Asia and Europe. We are nearer to Europe and to Asia than either is to the other, and if there is to be a great battle between Eastern and Western commerce, and a public and solemn war declared between the silver of the East and the gold of the West,

who so likely to make the profit of the interchange between those moneys, and, necessarily, therefore, of the interchange between the commodities that those moneys master?

But there is another striking position of our country, not geographical. It is, that we more than all nations, perhaps first of all nations, in the history of the development of commerce, that our nation holds, in either hand, the great products of staples, of raw material, and the great, the manifold, the varied products of skilled industry, which we have developed and organized, and in which we contest with Europe and the markets of the world. We propose to furnish the products of our agriculture, which feed in so great share the laborers of Europe and the machinery of Europe, as inexorable in its demands as the laborers; and we propose, also, to deal with the world at large in the skilled products of industry in every form applied to those raw materials, and prosecuted under the advantages of their home production. We contemplate no possibility of taking place with the less civilized or poorer nations—to sit at the feet of the more civilized and richer nations. We have no desire to place ourselves on the side of skilled industry, in the position of a superior nation to inferiors, though they may depend on us for this supply. We occupy—quite as much as in our geographical position, in this aspect towards the different forms of wealth, production, and industry—an entirely catholic and free position, having no interest but the great interest that all nations, as far as money is concerned, should not be embarrassed in trading with us, and that we, so far as money is concerned, should not be obstructed in selling our raw products to the skilled nations of Europe, or the products of our industry to the consumers in less developed nations. Besides this equilibrium of selfishness, which makes the general good our good, we are free from any bias in the matter of the production of the precious metals, trivial as that is in comparison with the immense and fervid march of commerce. We produce the two metals equally. Out of the same prolific silver mines, even, the same ore gives us 55 per cent. of silver and 45 of gold. How could you imagine a nation, in regard to its production of the precious metals, more indifferent as to which is made the master of the world? It is a bad tyranny that we resist. It is the possession of freedom and of power in the commerce of the world by the service of both these metals, in place of the mastery of either, that we advocate.

What, then, are the functions and service of money, not in the abstract, but in reference to the actual development of the indus-

tries and commerce of the world? What in the present, and what in the near future, are the conditions under which this office and service of money are to be performed? What are the impediments that exist, either in the natural properties of the metals or in the habits, the associations, the repugnances, the preferences of mankind? What in its history—what in its institutions—are the embarrassments in regard to what, as an abstract idea, every one must applaud and every one must maintain to be a desideratum—a fixity of the unit of money all over the world? What, in a word, has already been done in the progress of affairs towards this desideratum? What remains to be done? What is there, within the resources of courage and wisdom, in the voluntary action of the nations? What is it competent, within the courage and wisdom of this Conference, for it to propose that shall accomplish, or shall promise, or shall tend to accomplish, this great result of placing the money of the world abreast with its burdens and responsibilities, and untrammeled in the discharge of them?

It is hardly necessary to recapitulate the principal duties of money, but they have always been of a nature that presented itself in a double aspect. From the time that money needed to be used in any considerable volume, and for any considerable debts among the advancing nations of the world, there never has been a time in which the money for man's use did not present itself, in reference to its service and duties, in two aspects. One is to deal with the petty transactions of every day and neighborhood use, where the smallest of transactions required money susceptible of easy division. The other, for a transfer in larger transactions required money to be used in the mass, and with a collective force, money that was capable of easy multiplication, and of easy management in aggregate values. But, besides that, there soon came to be a use of money between the distant parts of one country, and between distant countries, and so, an opportunity for disparity in the treatment of money in these opposing aspects, with no longer a common sovereignty that could adjust them one to the other. In the progress, so rapid, so vast, so wide, of the interchange of the products and industries of the world, there came to intrude itself, more and more necessarily and familiarly, the elements of distance in space and remoteness of dates of beginning and closing transactions. These developments of commerce alone embarrassed both of these moneys in the discharge of their double duty, were there no exposure to discord between themselves. But, long ago, this ceased to be the limit of the trouble. The actual

service of intrinsic money in the transaction of the petty traffic and the great commerce of the world, in providing for its own transfer from place to place, within a nation, or from country to country, across the boundaries or across the seas, made it impossible for the volume of both the metals that the bounty of nature could yield to the urgent labor of man, to perform the task. Every form and device of secondary money, of representative money, which the wit of man could compass, and which could maintain its verity as money by its relation to the intrinsic money of the world, was brought in to relieve the precious metals from the burden under which, unaided, they must have succumbed. All these forms, whether of bills of exchange to run between country and country, or of notes or checks at home, or of paper money, all are but forms of credit. While, then, they relieve intrinsic money from the intolerable burden of actually carrying the transactions of the world, they burdened it, so to speak, with moral obligations which it must discharge. All this vast expanse of credit in the developed commerce of the world, rests finally upon the intrinsic money of the world, and if you would have fixity, unity, and permanence in the credit operations of the world, there must be fixity, unity, and permanence in all the intrinsic money of the world upon which that credit rests. This credit is, almost without a figure, a vast globe, and this service of the precious metals to sustain it is that of an Atlas, upon whom the whole fabric rests. The strength of both arms, nerved by a united impulse of heart and will, is indispensable; neither can be spared. Consequently, if there should be any considerable failure in their force, or any waste of it by antagonism between the metals making up the intrinsic money of the world, the credit of the world is deprived of what nature in supplying the two precious metals, and human wisdom in regulating them, together, are competent to supply for its maintenance.

In the deliberations of the former Conference and the agitation of the subject since, in the several countries now engaged to concert anew some method for relieving the existing difficulties, all these general traits of the subject I have named, all these burdens, and all these essential ideas seem, in the abstract, to be commonly accepted by the world. Nature has given, and still supplies us, with adequate material for our money as its share in the proposed transaction; reason has been developed, the power of government in the nations convened, has been brought to its highest force, not of caprice or of dominion, but of the expression of the will, and

of the wisdom of the people themselves. With these resources for its correction, our first duty is to look at the nature of the evil and its extent. A very interesting and very clear-sighted examination of the subject, in this light, has been presented to us by the honorable Delegate from Belgium, Mr. Pirmez. He naturally and wisely has thought that, as preliminary to the provision of means for correcting the mischief, we ought to be sure that the mischief exists. The view presented with so much interest and force by Mr. Pirmez, was to bring this into doubt, and bid us to consider whether we are not really under some serious misapprehension respecting the gravity of the situation. A story is told of one of my countrymen that, alarmed at home, by failing eyesight, and frightened into a dread of blindness, unwilling, even, to admit to his family or friends the possibility of such a calamity overtaking him, he took passage for Europe, to be able to consult the famous oculists on this side of the water, on his disastrous condition, without revealing it at home. The oculist relieved his fears at the expense of his intelligence. He assured him that, so far from cerebral or nervous disease causing his difficulty, and threatening him with greater calamity, all that ailed him was that he had reached a time of life when the sight needed to be reinforced by spectacles! Now, we Delegates of the United States, it would seem, have come across to this Conference to learn that all our anxieties will be dispelled by the simple remedy of putting on Mr. Pirmez's spectacles; that, seen through them, all the disorders which had excited our solicitude will disappear.

But, after all, Mr. Pirmez is scarcely willing to treat the anxieties and fears of the nation as wholly chimerical. His division of the countries into three groups, whose distinctions he describes, at least admits a difference in the degrees of satisfaction and safety in which they may safely rest. Mr. Pirmez thinks that his first group, that is, the gold nations, are in all respects safe, secure, contented; that they see no reason to change, and give no prospect that they will change; but then, this group of gold nations really ends with the Scandinavian States, Sweden, Norway, and Denmark, and with Portugal. Their repose and serenity, it is said, is due to their shelter under the protection of the gold theory. It seems to me rather that these fortunate nations enjoy the happy position which Horace's famous simile has made known to mankind, of those who, from a high promontory, watch the naval engagement below in its dangers of battle and of shipwreck, secure against either. It seems to me that when he comes to apply his

proposition of the gold basis being safety, it limits itself to those nations who, happily for themselves, are not largely involved in the strifes or vicissitudes which attend the vast transactions in which the capital industries and commerce of the great nations are involved. No doubt, their health, their repose, their serenity, are just subjects of satisfaction to themselves, and of envy to their troubled neighbors. Nevertheless, their experience does not go far to solve the question whether resort to the gold standard will help those who need help. "They that are whole need not a physician, but they that are sick." When we return from this ease and serenity to the discomforts and dangers that effect countries like England, the great gold nation, and Germany, the recent convert, it is admitted that there is disturbance, that there is anxiety, that there is dislocation, that there is need, and that there is hope of an improvement in their money system.

Another of Mr. Pirmez's groups is that of the paper-money countries, which include two of the Latin Union States, Italy and Greece. These two are as much in repose and have as few solicitudes, Mr. Pirmez thinks, as the Scandinavian countries, but for the opposite reason; for, if the first group, the Scandinavian, are in health, the second group, the paper-money States, are in collapse. We have then nothing left but the great nations still holding specie payments, and struggling to master the problems both of money and of commerce, which, he says, are affected more or less, but not so much as they suppose. His explanation of our being disturbed and solicitous is that France, the Latin Union, Germany, England, and the United States—for I suppose we fall within this group—is that we have still in our system the virus and the infection of the double standard. It is the legacy which we have inherited from that standard that mars the peaceful simplicity and harmony of action in our monetary affairs, the want of which makes us dissatisfied; this being so, Mr. Pirmez triumphantly exclaims, "If you are suffering from too much silver, what a strange proposition it is that you make to improve your condition by increasing the amount of it." But our proposition, even if we accept his statement of the mischief now played by silver, if applied to the facts of the situation as he construes it, would be: "We are suffering, the world is suffering, from discredited demonetized silver, and the remedy that we propose is to accredit the discredited and rehabilitate the demonetized money." The tables can not thus be turned upon us. No man can charge

upon the bimetallists the responsibility of wanting more discredited or more demonetized precious metal in the world.

We must, then, proceed with our deliberations to find a remedy for acknowledged evils and evil tendencies. Even Mr. Pirmez's cheerful estimate of the situation scarcely satisfied him that there might not and should not be some improvement in the condition of things. I am sure it did not satisfy this Conference, nor will it the nations whom we represent, that our service and our deliberations are superseded by the disappearance, under our debate, of the mischiefs in the monetary condition which we were called together to meet and correct. I need hardly argue that if the nations here represented, 15 States in all, if their Delegates recognize the fact that there are evils now present, that there are greater evils threatened, then it becomes us to undertake to advise these governments, and it becomes these governments to take such action as their wisdom and responsibility suggest, to correct these mischiefs and reduce the disorder in the money system of the world by such means as they shall approve as most suitable, most promising, for the desired result. Now, there are but two logical methods in which this disorder between gold and silver, this depreciation of their general and combined functions, this struggle between them, can be put an end to. One is, to admit as the intrinsic money of the world only one metallic basis, and to drive out, extirpate, as a barbarism, as an anachronism, as a robber and a fraud, the other metal, that, grown old in the service and feeble in its strength, is no more a help, but a hindrance and a marplot. That is a task that might be proposed to the voluntary action of nations, and if the monometallic proposition be the true one, that is, the logical course to which the nations we represent ought to resort, unless they take the only other logical alternative, that is, to make one money out of the two metals, to have no two standards, or kinds of money, but one money, adapted in its multiples and divisions to the united functions of the two precious metals.

I have said that these two are the only logical methods. There is another method, and that is, in despair of making one money out of the two metals, to make two moneys out of them. This project is, not to discard either from the service of mankind, but to separate them and so mark them as that they shall not occupy the same regions, but divide the world between them. For the working of this scheme, it is proposed that, in some fashion, a partition shall be made among nations or sets of nations, and a struggle for the metals be set on foot, to reach an equilibrium or

alternating triumph, or undergo such fluctuations or vicissitudes, or enjoy such a degree of permanence, as fortune, out of the chaos, may offer to mankind. This scheme might well be defined as harmonious discord and organized disorder. But this is nothing but a conclusion that, although there is an intolerable evil, it is not within the compass of human wisdom, or human strength, or human courage, to attempt to remedy; this conclusion would leave things to take care of themselves. This notion found expression in the sentiments declared, by some of the Powers, at the Conferance of 1878. The hopeful expectation that was then indulged that things would take care of themselves, has not been realized. Experience, since, has shown an aggravation of the mischief, a continued and widening extension of its pressure, and produced another appeal to the wisdom and courage of the nations to redress it, under which this Conference has been convened.

But there is, confessedly, a great difficulty in arranging this partition of money among the nations. I will not enlarge upon that difficulty; it has already been sufficiently pointed out; it is inherent and ineradicable. Its terms can not be expressed by its champions; sometimes it is spoken of as a division between the Asiatic and the European nations; sometimes as a division between the rich nations and the poor nations; sometimes as a division between the civilized and less civilized nations. There seems to have been an easy confidence that these groups could have been satisfactorily arranged for a reasonable equality in this battle of the precious metals. But I have been puzzled to know, and no one has distinctly stated where the United States were to be arrayed. No one has ventured to determine whether they were to be counted as a rich nation or as a poor nation; whether as an Asiatic or a European nation; whether as a civilized nation or an uncivilized nation. Yet, I think it would be no vain assumption on the part of the United States to feel that any settlement of the money questions of the world that leaves us out, and our interest in them, and our wisdom about them, will not be the decree of an Œcumenical Council, or establish articles of faith that can be enforced against the whole world. The notion seems to be that the nations that sit above the salt are to be served with gold, and those that sit below the salt, are to be served with silver. But who is to keep us in our seats? Who is to guard against an interruption of the feast by a struggle on the part of those who sit below the salt to be served with the gold, or of those above the salt to be served with silver? This project purports to have neither wisdom nor

courage, neither reason nor force behind it. It is a mere fashion of speech for saying that we can not, by human will, by the power or polity of nations, redress the mischief, but that we must leave the question to work itself out in discord, in dishonor, in disorder, in disaster.

This brings us fairly to consider how great the task is which is proposed for reason and for law to accomplish. How much is there wanting in the properties of these two metals—how much is missing from the already existing state of feeling, of habit, of the wishes and the wisdom of the world at large, and in the common sense of mankind, as exhibited in history or shown to-day, that stands in the way of the common use of the two precious metals to provide the common necessity of one money for the commerce of the world?

The quarrel with nature seems to be with its perverse division of the necessary functions of money between the two precious metals. In their regret that nature has furnished us silver and gold, with the excellent properties of each, instead of one abundant, yet not redundant, metal that would have served all purposes, the monometallists strive to correct this perversity of nature by using only the not abundant gold, and discarding the not redundant silver. Well, I do not know but one might imagine a metal, a single metal, that would combine all the advantages which these two metals, in concert, have hitherto offered to mankind. It may be within the range of imagination to conceive of a metal that would grow small in bulk when you wanted it to aggregate values, and grow large when you wanted to divide it into minute values. Yet, as I think, the mere statement, to the common apprehension of mankind, describes what we should call a perpetual miracle, and not an order of nature. Now, if such a metal is a mere figment of the imagination, if no such metal with these incompatible qualities is found *in rerum natura*, how are we going to dispense, in our actual money, with that fundamental, inexorable requirement of intrinsic money, a physical capability of multiplication and of division to serve these opposite uses? Why not, then, accept the reason, accept the duty of treating these two metals, in which, combined, nature has done the utmost for this special need of man, by supplying, by the *consensus* of positive law, that single *nexus* between them, that fixity of ratio, by which they two shall be one money at all times and every-where; by which silver, when its multiplication becomes burdensome and unmanageable, loses itself in the greater value of gold, and gold, when its division becomes too minute

and too trivial, breaks into pieces of silver. What nature, then, by every possible concurrence of utility, has joined together, let no man put asunder. It is a foolish speculation whether, *in rerum natura*, a metal might have been contrived combining these two opposing qualities. Let us accept the pious philosophy of the French Bishop, as to the great gift of the strawberry—"Doubtless, God Almighty might have made a better fruit than the strawberry, but, doubtless, he has not."

This brings us to the essential idea which lies at the bottom of this effort at unity of money for the nations, the capacity of law to deal with the simple task of establishing a fixed ratio between the metals, so that their multiplication and division should make but a single scale. This, Mr. Pirmez would have us understand, would prove an ineffectual struggle of positive law against the law of nature. It is thus he denounces the attempt of a practical *nexus* between these metals by reason, which could not be supplied by the physical properties of matter. To me, it seems to require no more than law and reason and the wit of man can readily supply, and have constantly supplied, in innumerable instances, and it should not be wanting here. The reason of man must either, in this instance, take the full bounties of nature and Providence, or must reject them, as the gross and ignorant neglect all the other faculties that are accorded to human effort and to human progress by the beneficence of God. Bring this matter to the narrowest limits. Here is a gap to be filled. Shall we supply it? Will you insist upon what is called one standard, and have two moneys, or will you insist upon two standards, with the result of one money? But one money is the object. All questions of standards, one or two, are but a form and mode by which we may reach what we desire—one money. I insist, and challenge a refutation, that, at bottom, the theory of a gold standard is the theory of two moneys. It is the theory of discord between the metals. It is the theory of using one to buy the other, and robbing the exchange of commodities of what it requires to the utmost, the double strength, the double service of the two metals to buy and sell—not one another, but the commodities of the world.

But it is said that this pretense that law can regulate the metals in their uses as money, involves a fundamental error in this, that money is itself a commodity, and that law can not regulate the ratio of the two metals as money any more than apportion values between other commodities. Well, silver and gold, as they come from the mine, no doubt are commodities. There might be imag-

ined a metal that, besides having all the qualities which make it useful to men for money, might also miss all the qualities that would make it useful for any thing else. You might have a metal suitable in all the physical properties of gold and of silver, that was neither splendid for ornament, nor malleable, nor ductile, for use; you might have a gold that did not glitter to the eyes, and a silver that would not serve to the use. In such case, the confusion between gold and silver money and gold and silver in their marketable uses, would be avoided. But, as a matter of fact, besides the good qualities which benign nature has infused into these metals for our service as money, they have, as well, the properties which make them valuable in vulgar use. These latter uses, no doubt, in the infancy of mankind, directed attention to the recondite properties which fitted them for the institution of money, which later ages were fully to understand.

Although then, the precious metals, in their qualities as metals, may remain commodities whenever the act of the law, finding in their properties the necessary aptitudes, decrees their consecration to the public service as money, it decrees that they shall never after, in that quality of money, be commodities. In the very conception of money, it is distinguished from all exchangeable, barterable commodities, in this, that the law has set it apart, by the imprint of coinage, to be the servant of the State and of the world in its use as money, and to abstain from all commixture, as a commodity, with the other commodities of the world. Wherever and howsoever this ideal of money fails to be real, it is because the law is either inefficient within its jurisdiction, which is its disgrace, or because its jurisdiction is limited territorially, and its vigor fails beyond the boundaries. In the latter case I agree, silver or gold, in the shape of the coinage of one country or another, may become merchandise to be bought and sold in other countries as a mere money metal. Manifestly, these exposures to demonetization beyond the boundaries, because the legal force which has made the metal money stops with the boundaries, is the main cause of the mischiefs in the monetary system of the world, which needs redress. The cause understood, the cure is obvious. It is to carry, by some form of consensus among governments, the legal relations between the two metals in their employment as money beyond the boundaries of separate systems of coinage. These legal relations between the metals once fixed, no important evasion of it would be possible, and no serious disturbance of it could arise from diver-

sities of coinage. It is for this result and by this means that we are striving.

But law, it is said, is inadequate in its strength, in its capabilities, in its vigilance, in its authority to accomplish so great, so benign a result. It was accomplished, up to the year 1870, by even the informal concurrence among the nations which till then subsisted. The spirit of the present age has led to manifold international applications of positive law on other subjects than money, while there is no subject to which its application is so important, or, within limits, so easy as money. For want of this consensus, the necessary conception of money, the institution of money, the consecration of money, is defeated, *pro tanto* when any portion of the money loses its prerogative and incommunicable function of buying and selling all, and becomes purchasable and vendible. Whenever any portion of the money which should be used as the solvent for the exchange of commodities turns into a commodity, it thereby not only diminishes the force and volume of money, but adds to the weight and volume of the exchangeable commodities. It is as little a condition of health, and may lead to as great calamities, as if the fevered blood should burn the tissues of the vital channels through which it circulates, or as if the coats of the stomach should turn to digesting themselves.

To me, it seems certain that the nations must contemplate, either the employment of the two metals as intrinsic money of the world upon a fixed, efficient concord and co-operation between them, or their surrender to perpetual struggle, aggravating itself at every triumph of one over the other, and finally ending in that calamity which overtakes, sooner or later, those who care not to use the bounties of nature according to the gift and the responsibility of reason. I can see nothing valuable in the treatment of this subject which would leave the broken leash that so long held together these metals to be repaired by chance, or the contest to be kept up at the expense of that unity, concord, common advantage, and general progress among nations, which is the ideal and the hope, the pride and the enjoyment of the age in which we live.

Mr. Pirmez, however, would have us understand that this simple law of fixing the ratio between the metals, to be observed among concurring nations, although this consensus should include all the nations most engaged in the interchanges of the world, would be powerless, because it would be opposed to the law of nature. The law of nature, no doubt, has made two metals, but according to the best inspection of them by science and common

sense, the law of nature has made them as little diverse as possible, compatibly with their best use as money. I agreed that there may be foolish laws. There may be laws theoretically wise, but which, by the lawgiver not computing the difficulties to be overcome, or the repugnances that will resist their execution, are unwise for the time and the circumstances to which they are applied. I believe, as Mr. Pirmez does, that an ill-matched struggle between arbitrary decree and the firm principles of human nature will result in the overthrow of the law. But that doctrine, at bottom, if you are to apply it without regard to the very law, and without measuring the actual repugnance and resistance it has to meet, is simply impugning civilization for having fought with nature as it has done from the beginning. We had, some years ago, a revenue law in the United States, called forth by the exigencies of war expenditure, by which we undertook to exact a tax of two dollars a gallon on whisky; yet whisky was sold all over the United States, tax paid, at $1.60 cents a gallon. This was a case of miscalculation of how far authority could go against a natural appetite and a national taste. When we reduced the tax to 60 cents on the gallon, the law triumphed over this opposition of appetite and cupidity, and produced an immense revenue to the Treasury. It is the old puzzle how to reconcile the law of nature, that abhorred a vacuum, with its ceasing to operate beyond 33 feet in height. This was solved by the wise accommodation between philosophy and fact, that nature abhorred a vacuum, to be sure, but only abhorred it to a certain extent. As I have said, the informal, the unconscious, the merely historical and traditionary consensus of mankind made and maintained an equlibrium between the metals among the nations up to 1870. With more vigorous aid from positive law, that, "written reason," which, Mr. Pirmez says, is all the law there ever is or can be, I can not but anticipate the suppression of the discord and struggle between the moneys of the world which now trouble commerce.

In my judgment the progress which has been made here, the comparison of opinions, the indication of the interests of Governments behind, all point to a general desire for a good result from our deliberations, which is an augury of success, for "where there's a will there's a way." I can not believe that England can long occupy the position of estrangement from either of the systems about which we debate. The British Empire is neither monometallist nor bimetallist, but bimonometallist. The British Empire can not be monometallist gold, nor monometallist silver, through-

out its length and breadth. Its present position of bimonometallism is entirely inconsistent with reason and with government. It must be bimetallic sooner or later, for it can not maintain the permanent position of a house divided against itself, which can not stand. At this stage, then, of the deliberation, without entering into a discussion of details, it seems to me that the moment is most opportune, and the spirit most excellent, for a recess for some weeks. In this interval we may expect a definite and practical consideration by the various Governments, of what the duty and interest of each require from it towards the common end they desire.

At the end of this address the Conference declared the general discussion of the *questionnaire* closed.

Mr. Moret y Prendergast, Delegate of Spain, asked leave to submit a motion for adjournment. The general discussion being closed, he had no doubt this proposal would obtain unanimous assent, but it seemed to him well to specify in a few words its bearing and object.

The Conference, said Mr. Moret, heard, at its Second Session, declarations so important that several Delegates thought there was ground for at once suspending the Sessions, in order to give their respective Governments the option of sending them fresh instructions, or even of entering into direct negotiations.

Those declarations, it is well known, were made by the German Delegates, and to them have since been added Baron Von Thielmann's oral explanations, and the suggestions offered to the Conference by the Delegate of Russia. Moreover, the Delegates of England have assured us of the friendly reception reserved by the British Government for any suggestion tending to improve the situation of the monetary market; and Mr. Gladstone himself has confirmed these sentiments in the House of Commons.

This combination of facts allows the hope of an understanding, an understanding difficult, perhaps, but possible, and above all desirable. It is possible, for it seems from the brilliant defense of monometallism made at the Conference, that that doctrine has lost a little of its former rigor and inflexibility. Its champions appear to admit the establishment of a universal monetary system, which, so far from being opposed to the use of silver as money, tends, on the contrary, to restore the value of that metal.

Can this scheme be realized? We can not yet pronounce on this point, but it is certain that if all were imbued with the ideas

which have just been developed with so much eloquence by the chief Delegate of the United States, we should arrive much more speedily than is perhaps imagined at a satisfactory solution. From the moment the idea is admitted of a two-metal monetary system, setting aside the question of the single and the double standard, an understanding may have become comparatively easy.

It is, at any rate, supremely desirable. The remarks of Mr. Luzzatti, the information given by Mr. Denormandie, the observations offered by Sir Louis Mallet, as to the situation of India, all prove that a monetary danger hangs over the civilized world, and that that danger may at any moment become a disaster unless there is the courage or skill requisite to ward it off; no doubt if we examine the situation of each State separately, we may, like Mr. Pirmez, arrive for most of them at optimist conclusions; but, if after examining the situation of each country singly, we look at the whole, we see immediately that the slightest derangement may bring on a crisis. It frequently happens, on the eve of epidemics, that sanitary satistics show the best state of health; now, there is in the present state of Europe, in reference to money, a germ of malady and trouble, namely, the rupture of the equilibrium, the severance of the bonds of solidarity which formerly existed between States. Germany severed them by her monetary reform of 1871, and has been the first to suffer therefrom, but the rebound may be felt far beyond her frontiers. Suppose another year's bad harvest, and France obliged to import part of her food from abroad, silver not being international money, she would have to pay for it in gold; that gold the Bank of France, no longer having it in sufficient quantity, would apply for to the Bank of England; but the Bank of England, in turn, seeing its gold stock diminish would raise the rate of discount perhaps to 12, 14, or 16, to those panic rates, in fact, which lead to incalculable disasters. We should then have one of those terrible crises from which, to use the expression of an illustrious man, one can only emerge by marching over corpses, and the pernicious influence of which is felt by the whole world.

No doubt, it is to be hoped and desired that these pessimist forebodings will not be realized; but the contingency to which they refer is none the less possible, and that possibility is enough to make all the Governments desire to protect themselves from such dreadful hazards by seeking an understanding with a view to the rehabilitation of the white metal.

Can they do this? This question is no longer within the juris-

diction of the Delegates but of that of the Governments they represent. All that the Conference can and should do, at present, is to testify before adjourning that by the confession of all the Delegates there is something to be attempted; it is to affirm, on separating for some weeks, its resolution of resuming its deliberations at a fixed and early date, with fresh and fuller instructions; it is with this idea, already suggested by Mr. Seismit Doda, that I submit to the Conference the following resolution:

The Conference having listened to a general discussion; having considered the monetary situation from an international point of view; in view of the declarations which have been made on behalf of a certain number of Governments, considering that several Delegates have evinced a desire for a temporary suspension of the sessions, so as to refer to their Governments, in order that the latter may be in a position to pronounce on the propositions which have been formulated within the Conference, and on the resolutions to be taken for cooperating in the rehabilitation of silver, *Resolves*, the sessions of the Conference are suspended from the 19th of May to the 30th of June next.

The Delegates will, consequently, resume their sessions on the 30th of June, at 2 o'clock, at the Ministry of Foreign Affairs at Paris, without need of fresh convocation.

The discussion being opened on the proposal of Mr. Moret y Prendergast.

Lord Reay said:

Mr. President, and Gentlemen—I think that, before separating, it will not be out of place to define precisely the situation in which we now find ourselves. If, on the one hand, it is clear that neither monometallist nor bimetallist has been shaken in his convictions, it is clear on the other, that both monometallists and bimetallists have learned to respect each other.

The excellent speeches which we have heard will be valuable contributions to the progress of economic science. On our next re-assembling, however, it will be necessary to follow up the vain efforts which we have made to convert each other by a more successful attempt to establish an agreement which shall take into account the different systems adopted by the different Governments.

With one or two slight exceptions, the general inconvenience of the existing state of things has been recognized. Its victims are to be found both in bimetallic and monometallic countries. So far, neither of the systems has succeeded. In this state of things it is clear that the concert which it is wished to establish, must

either be made between the Powers which desire to remain monometallist, and those which are or tend to become bimetallist, or not be made at all. Coming to practical steps, it appears to me that, in the first place, it would be important to approach the Government of His Imperial and Royal Apostolic Majesty, with a view to obtain its adhesion to the union which the United States and the Latin Union desire to establish. The concurrence of Austria-Hungary would be of the very highest importance in giving to the States above-mentioned a powerful support for the realization of their wishes, even though Austria-Hungary should not substitute specie payments for its paper money at once.

I should like, also, to submit for your consideration, a proposal for asking the opinion of the principal Banks of Issue in the different States. It is obvious that, even in the States which have a single gold standard, these institutions could render valuable assistance in the operations resulting from a resumption of the free coinage of silver in other States. The eminent men who direct them, and we must not forget that the Imperial Bank of Germany is directly subject to the Chancellor of the Empire, could remove many of the difficulties which would attend the Governments who undertook to rehabilitate silver. The distinguished statesman who represents Sweden, said that we were not diplomatists, and the Delegate of bimetallism replied that bimetallists were philosophers. I willingly accord to Mr. Cernuschi (whose complete devotion to the cause which he extols I admire) the name and fame of a philosopher. Moreover, as public prosecutor of bimetallism, he has indicted Great Britain and India for having committed the double crime of monometallism in Europe and monometallism in Asia. The fact that gold has been adopted in one continent, and silver in the other, does not even constitute an extenuating circumstance in his address as bimetallic counsel.

But, gentlemen, to avoid the danger which threatens us, we want something besides philosophers and philosophic theories; we must have diplomacy; on our reassembling we must lend an ear to the monometallic and bimetallic statesmen, in order to effect a *modus vivendi* between the Powers adhering to the different systems. The habits of English statesmen tend to make them consider facts, to seek rather what is relatively possible than what is absolutely impossible. If it is desired to embark on the enterprise of introducing the bimetallic system into the United Kingdom, you can not do better than practice what you preach, and begin the task by introducing bimetallism at home. India has suffered for the monome-

tallic cause; it would be another glory for the bimetallists to accept, in order to inaugurate the universal reign to which they look forward, the slight burden of some inconveniences, which, on their own showing, will be only temporary. The surplus in the French Budgets, and the brilliant conversion of a portion of their debt just effected by the United States, establish, in a most remarkable manner, that their marvelous financial position is strong enough to permit of their making the experiment of bimetallism.

On the part of Great Britain and India, I must decline both the extreme honor and the extreme disgrace which the partisans and adversaries of bimetallism confer upon them when they pretend that with these two Empires all is possible, and without them nothing. Her Majesty's Government has testified, on many occasions, its desire to create and maintain intimate relations between the different Powers. It is convinced that these relations are a guarantee for the peace and prosperity of the nations. Its resolution not to join a bimetallic convention is inspired neither by selfishness nor by a disregard for the interest of other countries. I flatter myself, gentlemen, that you will render justice to the Government of my august Sovereign, and that you will not forget that the commerce of the world enjoys in her country a freedom from duty and obstruction, which is certainly far from being either selfish or universally adopted. In matters of free trade it did not wait for the co-operation of other countries to apply principles which it believed to be true. Be assured, also, that if you succeed in giving practical effect to the principles of bimetallism without our co-operation, we shall be the first to render to you the homage which has always been paid in my country to any work which has for its object to draw closer the bonds which unite nations.

The great problem, gentlemen, which we have to solve can not be determined in a moment, and there is no reason for discouragement in the conviction at which we have arrived, that all the Powers are not of the same opinion. It is not in ignoring the difficulty, but in recognizing it, that we can overcome it. The Delegates of the United Kingdom, of India, and of Canada, will have the honor of sharing in your further labors, animated by the generous instincts with which we have been hitherto guided, and which are the best guarantee for the ultimate success of an agreement which will not perhaps realize all the dreams of theory, but which will be worthy of the statesmen from whom we ask it, and on whose cooperation alone it depends.

MR. SEISMIT-DODA, chief Delegate of India, seconded the motion of the Delegate of Spain.

COUNT KUEFSTEIN, chief Delegate of Austria-Hungary, stated that he did not oppose the proposition, but he expressed a fear that the 30th June was too early a date to allow the various Governments to provide themselves with all the requisite information, and to address to their Delegates the fresh instructions which the latter might require.

MR. VROLIK, chief Delegate of the Netherlands, declared his concurrence in this opinion. He thought it would be well, while adopting in principle the adjournment to the 30th June, to indicate that if meanwhile the necessity of a longer suspension of the sessions were perceived, the resumption of the labors of the Conference might be postponed by common accord by the two Governments which had convened it. The chief Delegate of the Netherlands consequently proposed to supplement the motion of the Delegate of Spain by the addition of the following paragraph:

"If, however, in the course of June, events occur rendering it probable that the Conference would attain better results if assembled at a later date, the Delegates of France and the United States shall have the option of convening it for a later date."

The DELEGATE OF NORWAY declared his concurrence in this amendment.

MR. DENORMANDIE, Delegate of France, remarked that the French Delegates would have objections to an adjournment beyond the beginning of July. Several grounds, among which the most imperative was the meeting of the General Councils, obliged them to be away from Paris by the beginning of August. Moreover, it might be difficult to detain the Delegates of the United States in Europe beyond an interval of six weeks without any meeting of the Conference.

MR. DANA HORTON, Delegate of the United States, on behalf of the American Delegation, declared his agreement with the latter part of Mr. Denormandie's observations.

THE PRESIDENT expressed an opinion that the amendment submitted by Mr. Vrolik might create a belief in an indefinite adjournment of the resumption of the labors of the Conference, and thus cause a grievous impression among the public. On this

account it would be better, as proposed by the Delegate of Spain, to fix positively beforehand the date of the next Session.

Mr. Thurman, Delegate of the United States of America, also thought it would be better for the Conference itself to fix the date of the resumption of its labors, without leaving to the Delegates of France and the United States of America the responsibility of a further adjournment. He hoped Mr. Vrolik, to facilitate a unanimous vote, would withdraw the amendments he had proposed.

Mr. Vrolik, chief Delegate of the Netherlands, replied that in view of the urgent request of the two Powers who convened the Conference, he thought it right to withdraw his amendment. He still feared, however, that the interval proposed by the Delegate of Spain was too short.

The President thanked Mr. Vrolik for having agreed to withdraw his amendment.

The motion for adjournment submitted by the Delegate of Spain was then put to the vote.

Mr. Garnier Heldewier, Delegate of Belgium, stated that Mr. Pirmez and himself were ready to vote for the motion. They felt bound, however, to remark that, in their view, this vote prejudged nothing and left intact all rights and all opinions. It seemed to them well to offer this observation in order to guard against any misunderstanding as to the bearing of the decision of the Conference.

Messrs. Kern, Broch, de Thoerner, Baron Thielmann, Forssell, and Count San Miguel each made similar reservations.

Subject to these reservations, the motion of the Delegate of Spain was unanimously adopted.

On the proposal of the Delegates of India, and after various observations exchanged between Mr. Moret y Prendergast, Mr. Pirmez, Baron Thielmann, and the President, the following motion was put to the vote and adopted unanimously:

"The Conference expresses a desire that the Governments of the various States represented within it should take the opinion of the chief banks of issue of each country on the monetary question, and communicate to it their replies."

MR. PIERSON, Delegate of the Netherlands, asked leave to put a question to the Delegates of the United States.

When the Conference, he said, re-assembles, it will be of the highest importance to have precise information as to the views of the various Powers represented. The more complete that knowledge, the more fruitful will be the discussions.

Now, there is one question on which the Conference has no precise information. It is well known that in the United States the silver coins are not now accepted on the same footing as the gold coins, and that business is mostly transacted with the latter metal. What measures would the United States take, on the hypothesis of the adoption of bimetallism, to remedy this inconvenience? In most European countries the obligation can be imposed on banks of issue of buying silver and gold at a fixed price, a measure which would have an excellent effect by placing the two metals on the same footing in commercial transactions, inasmuch as the bank notes would represent them on the same level without any distinction. What analogous steps could be taken by America, where chartered banks do not exist? In short, what could she do in order that bimetallism should exist there not only in name but in reality?

The Delegates of the Netherlands wish to submit this question to their American colleagues, not for an immediate reply, but begging them to give a definite reply when the Conference re-assembles.

The Delegates of the Netherlands do not disguise that they put this question for a very practical object.

There will, perhaps, be ground for considering, when the Conference re-assemblies, what number of States would suffice to ensure the regular working of the double standard system. Now, this examination can not be properly carried on until the question just submitted on behalf of the Netherlands delegation is settled in the clearest way.

MR. VROLIK, chief Delegate of the Netherlands, as the interpreter of the sentiments of all his colleagues, felt bound, on the close of this first phase of the labors of the Conference; to offer the French Minister of Finance the expression of their thanks for the honor he had done them in accepting the Presidency of the Conference, and for the friendly impartiality with which he had directed their discussions.

The President thanked the Delegates for having enabled him to share in the laborious and interesting deliberations of the Conference, and expressed his gratification at the honor of presiding over their labors.

The Conference unanimously voted thanks to the Secretaries, and adjourned at 6 o'clock.

EXHIBITS OF THE EIGHTH SESSION.

EXHIBIT A.

(Presented by Mr. DANA HORTON, page 314.)

EXTRACTS FROM WRITINGS OF PROFESSOR J. THOROLD ROGERS AND MR. ROBERT GIFFEN, ON THE RISE IN THE VALUE OF GOLD IN ENGLAND.[1]

The following important papers, written without view to any question of monetary controversy, may be advantageously compared with the statements made by the American Delegates in the Conference, of the motives which have guided the monetary policy of the United States. If the conclusions of the first of the following papers are correct, the anti-silver policy lately pursued on the Continent has wrought very appreciable havoc in English investments during the last five years; if the conclusions of the second paper are correct, the value of gold has increased, in England, more than 20 per cent. in this period, and a considerable portion of this rise is due to the Continental movement to adopt the English (gold) standard of money.

The picture suggested by these statements, concerning the late experience of England, is a very sad one.

The words, "a rise in the value of gold," make a short and simple phrase, but the event they portray is a national calamity; it means an infinite variety, an overwhelming mass of human sorrow.

If it were possible, for men with malice aforethought to conceive, and of their own power to execute a scheme which should produce the results set forth in these papers, a new and colossal crime would have been added to the evil possibilities of human nature.

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(1) Reprinted from the Document of the Monetary Conference of 1878, pp. 385-401.

Fortunately this is not the case. The results attained are merely chargeable to legislation forced upon the statute books by a well-meaning *doctrinnaire* agitation in favor of the gold standard. It is, perhaps, the first time in the history of the world, that science has become politics on so grand a scale, and yet, of course, the intentions of science were good.

The results thus portrayed, however, the cause thus attained, inevitably suggest the query, Whether the prestige of sound learning will not suffer by this defeat of its representatives?

However civilized the age may be, it certainly will not be safe, for many centuries to come, to obliterate the barriers between learning and ignorance; the chimeras of socialism will sufficiently ravage our century, at any rate, and the science of legislation can not well afford to weaken itself for the struggle with them, and, therefore, when a blunder of proportions so colossal has been made upon the advice of the accredited representatives of science, it is the vital interest of human progress that the error be repaired without delay. The palladium of civil prudence must be gently, and with consideration, but, if possible, speedily wrested from the hands of its unskillful bearers.

But such a reversal of policy, such a recognition of error, implies, in the former champions of gold monometallism, a manliness of sacrifice which naturally requires time to perfect itself, but which, if it comes, will be a moral as well as an intellectual victory for science. And this necessary sacrifice must not be too long deferred, else the popular sneers against science will be kept in countenance by the demoralizing spectacle of the *doctrinnaire* monetary politician, reduced *ad absurdum*, fighting against truth to save his consistency, ready to sacrifice the prosperity of his people to his predilection for a coin, and willing to break down the landmarks of property in pursuit of a metric system which inevitably evades his grasp.

The date of the appearance of the following papers is itself suggestive of the difficulties to be overcome.

In the outset of the discussion of the general policy of European demonetization, in 1876, the view was forcibly presented in the United States that *a priori* it was probable that a general rise of the value of gold in Europe was already in progress, and that all known facts concerning prices pointed in the same direction.

This view became, in fact, a controlling ground of conviction of the necessity of bimetallic union.

The objection to contracting the money of the world has had more effect in strengthening the policy of the United States, than the parallel motive given by the necessity of the steady par of exchange between silver and gold countries, the loss of which has borne more disastrously upon other countries than upon the United States.

On the other side of the Atlantic, however, this inherent probability of a rise in the value of gold has been, to a great degree, ignored, and,

indeed, an effort has been made in tone-giving circles [1] to counteract the presumption that contraction of metallic circulation (by reduction of coin to bullion, checking coinage of bullion, and making existing silvercoin inexportable) would naturally produce contraction of prices and a crisis.

The argument made use of consisted in this fact, that prices had been rising since, and by reason of the gold discoveries and their flood of metal, as well as that in late centuries prices had been rising, as a rule, and it was assumed that this process was still going on, that the supply and demand were the same after 1872 that they had been before.

It was, therefore, not difficult to dispose of this argument effectually by pointing to the probability that, in these times of completed means of intercommunication, an inundation from the mines, in its influence on prices, spent itself speedily; and that what little rise of gold prices was noted after 1861, was attributable, not to a redundant production of the mines. but to the displacement of specie by paper in the United States and in Italy (1861–66).

The original presumption, therefore, the plain proposition, which was one of the foundations upon which the policy of the United States was based, remained in force. Nevertheless, it failed to receive corresponding recognition at the hands of European Governments.

The argument with which the gold standard agitation set out, viz: that gold was steady in value, has now suffered decapitation, that is, if the facts set forth by Mr. Giffen are correct, and the close application of ideas drawn from the metric system to a "measure" which contracts itself more than 20 per cent. before one's eyes, is showing itself to the public in all its native simplicity.

After all these years, therefore, the scientific bimetallist is, at length, in legal parlance, in position to file his *bill of interpleader*, and ask that the two wings of the army of the gold standard be compelled to make good against each other their opposing claims to the possession of monetary truth, while the bimetallist assumes the part of a spectator.

It is now in order, that the Teutonic, or Latin, persecutor of silver, the continental monetary reformer, who, in the effort to substitute gold for silver, has brought the world of production and of exchange to its present condition, shall ascertain from the Anglo-Saxon's insular but thorough experiment, whether, in these late years, the yellow metal, gold, which the Anglo-Saxon possesses in fuller measure than his Continental brother, has actually maintained itself as a rightful member of the metric system, steady in value, unshakable in its purchasing power.

The litigation of this subject will probably assist in bringing into clear

(1) See Erwin Nasse, "*Der Bimetallismus und die Währungsfrage in den Vereinigten Staaten*, 1878;" Prof. W. S. Jevons' "Paper on the Silver Question, before the American Social Science Association," 1877, cited also in Horton's "Monetary Situation," 1878.

light the services rendered by the exclusion of silver from coinage and legal tender, not only to mankind, but to England.

EXTRACT FROM AN ARTICLE BY PROFESSOR J. THOROLD ROGERS (OF THE UNIVERSITY OF OXFORD) UPON THE "CAUSES OF COMMERCIAL DEPRESSION," IN THE "PRINCETON REVIEW," FOR JANUARY, 1879.

But, despite these advantages, there is no doubt that prices, profits, and wages are falling in very many industries which have hitherto been prosperous. We will attempt to enumerate the principal causes which have effected this result. Some of them are local, some are shared with other countries.

The first cause in importance, the most general, and in all probability the most enduring, is the rapid rise in the economical value of gold. The fact has been commented on with considerable, but unequal force by Mr. Laveleye, in a recent number of the "Revue des Deux Mondes," where he alleges, and on good grounds, that the annual produce of this metal is not more than sufficient to cover the annual wear and tear of the currencies. But, while the area of civilization is widening, and, therefore, the demand for an adequate currency is being extended, the most populous state of Europe has abandoned a silver for a gold currency, and has had, as a fruit of its successful war with France, an exceptional power of attracting gold to itself, with singular success indeed, but to the incredible misfortune of its people. Germany has effected a monetary revolution on the grandest scale, and has beggared its own industries, for the rise of prices in Germany, during the four years after the French war was over, was unparalleled. Now, it is perfectly true, that when a gradual scarcity in the amount of the metallic currency circulating in any one country occurs, it is, to a certain extent, possible to resist a general fall in prices by using substitutes for the precious metals, especially if the country in which the scarcity occurs, is willing to adopt such substitutes with confidence and familiarity. But, unless we are to assert that the values of gold and silver do not depend on the demand which exists for them, and the means for supplying that demand, it must follow that a large demand brought to bear on a limited supply, will affect the values of these precious metals, and through them lower prices. Nor do European countries find themselves generally able to circulate the equivalents of a metallic currency to the extent which, for example, England does. The treasure held by the Bank of France is enormous, being nearly equal to its note circulation. It is understood, that Germany has a considerable hoard of gold coin and bullion, which, for all practical purposes, is withdrawn from circulation. But to the general fact that those two countries require a far larger amount of money for purposes of trade than England does, France is supposed to need three times as much, must be added that the political relations of the two countries are so far unsatisfactory as to suggest a further strengthening of their mone-

tary position. Nations do not keep more gold and silver than they need, but they measure their own needs, and sometimes their fears measure their needs for them.

Taking into account the growing intercourse of civilized nations, and particularly the sensitiveness which they feel at any event which may check the activity, or derange the machinery of trade and production, it appears that at no time has the drain on the existing stock of gold been so sharp and so rapid as at present. Nor does the proof of the fact depend solely on the phenomenon of lowered prices, or, in the fact, that the demand for gold has been exceptionally great. It is proved by the decline in the value of silver as compared with gold. The writer has been informed, by those who are best competent to give an opinion, that no traceable rise in prices has occurred in those countries which use a silver standard only, and that this is particularly the case in India, where the loss which the Government incurs arises from the necessity of meeting liabilities due to England in a currency which has increased in costliness by all the difference between the old and the present value of silver as measured by gold. But it will be plain that when the dearness of gold is manifested by a fall in prices, there must be a loss of profits, not only on stocks which have accumulated under the agency of higher prices, but on those parts of a producer's capital which were called into permanent existence while these higher prices ruled, on buildings, plant, and machinery. It may be added, too, that low rates of profit do not depress wages with corresponding energy, just as high rates of profit do not raise wages correspondingly. In other words, and the fact may be proved by the evidence of prices, taken at different periods in the last six centuries of English economical history, labor has always been far better off when prices were falling, owing to the increased value of the precious metals, than at epochs when, owing to their abundance, or to other equally energetic causes, prices were rising. But it is a commonplace in political economy that, except in the case where the employer can recover himself at the expense of rent, dear labor is always accompanied by a reduction of profits."

EXTRACT FROM A PAPER ON THE FALL OF PRICES OF COMMODITIES IN RECENT YEARS, BY ROBERT GIFFEN, ESQ., IN THE JOURNAL OF THE LONDON STATISTICAL SOCIETY, FOR MARCH, 1879.

(Read before the Statistical Society, 21st January, 1879.)

There is a general agreement that during the last few years there has been a heavy fall in prices. The fall in cotton and iron, and the various manufactures of cotton and iron, is notorious, and, for the rest the losses in trade, in almost every description of business, have been such as to leave no doubt of a fall in price. It is usually a fall in price which cripples the weaker borrowers, and causes bad debts, and this makes a beginning of losses by which stronger borrowers are in turn crippled, further

falls in prices ensue, and more bad debts and losses are produced. When we see so many failures as are now declared, therefore, we may be quite sure that they are preceded and accompanied by a heavy fall in prices. But the question for statisticians in such a matter is not the fact of a general fall, but whether it can be measured and compared with other facts of a similar kind, and whether there is any thing to show the fall to be of a more or less permanent character, and not merely a temporary fluctuation which will be corrected by an immediate rebound; in other words, whether the average of two or three years, including the present, will, or will not, exhibit a decline when a comparison is made with a date two or three years back. Looking at the matter in this more definite way, I have come to the conclusion that, not only is there a decline of prices at the present time, from the high level established a few years ago, but that this decline is more serious than the downward fluctuation of prices usually exhibited in dull times, and that it may be partly of a permanent character unless some great change in the conditious of business should occur at an early date. I think this can be shown without difficulty with the help of some well-known figures which have been published lately, and which I propose to analyze and sum up, after which I shall proceed to discuss the causes of this apparently serious decline in prices, and some of the prob ble consequences.

I.—*Extent of the Fall.*

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[Six pages omitted.]

The general effect of all these figures may now be summed up. First—it has been shown by a general table of prices at the beginning of each year, from 1873 to 1879 inclusive, that there has been a general and remarkable fall in the prices of wholesale commodities in the period, this fall having also been, to a large extent, continuous, and amounting in the end, with three exceptions only, to between 26 and 66 per cent. Second—it would appear from a comparison of prices by means of the index number in the "Commercial History and Review," that the average fall between 1873 and 1879 is 24 per cent., and that the level of price now established is lower than any thing recorded since 1850, in the tables referred to, these tables comprising the years 1857 and 1858, and each year since 1865 inclusive; further, that although the fall between 1865 and 1871 appears greater by this index number than between 1873 and the present time, yet there is a special explanation of this, and there is reason to believe the present fall to be unusually great. Third—it has been shown by certain tables of Mr. Ellis's that as regards food and raw materials, prices at the beginning at 1878 were lower than in 1869, one of the years of depression following 1865, while prices are now considerably lower than at the beginning of 1878. Fourth, it has been shown as regards the prices of exports, that the average in 1877 was considerably lower

than in 1868, while the fall to the present level was from a lower height in 1873 than the previous fall in 1868–70 from the height of 1865. Allowing for the further fall of prices in 1878, we are confirmed in the belief that prices are now unusually low, and that the facts shown by the first index number cited rather understate than overstate the change. In other words, it is ascertained by the concurrent testimony of all the facts examined, that prices of commodities are unusually low, though one of the sets of the figures would seem to throw doubt on the idea that the fall from the height of an inflated period to the present depth is unusually great. The preponderance of evidence seems, however, to be that there is an unusual fall, although it began from a lower level than what had been established in the previous inflated period. I have not attempted, however, to measure exactly what the extra depreciation is, though I should be inclined to put it at between 10 and 20 per cent. below the prices of 1868–71. In these matters great exactness is impossible; without waiting to aim at great exactness, I have thought it would be useful to bring the rough facts together, pending the more elaborate efforts which I trust some of our members, perhaps Mr. Jevons, may be induced to attempt.

II.—*Causes of the Fall.*

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[Six pages are here omitted.]

[In these the author treats, first—causes general in their nature, of speculations, and frauds, etc., etc.; secondly—of the bad harvests in England in 1875, 1876, and 1877.]

A third cause, which must be mentioned, is the extraordinary demand for gold for the new coinage of Germany, and for the United States on its resumption of specie payments during the last few years. It is a little difficult to consider this point except in connection with the question of the supply of gold, and any variation in that supply which may have occurred, but what I desire to bring out is that apart from a permanent diminution of the supply, whether absolutely or in relation to the growing wants of the world, which would necessarily have a permanent effect on prices, extraordinary demands like those referred to would tend to produce a momentarily extreme fall. The reason, is that a sudden pressure on the stock of the precious metals at a given period tends to disturb the money markets of the countries using them; makes money dear, or creates a steady apprehension that it may at any moment become dear; and so by weakening the speculation in commodities and making it really difficult for merchants and traders to hold the stocks they would otherwise hold, contracts business and assists a fall in prices. It is conceivable that after such a pressure the current supply of the metals may again be found sufficient to meet the current demands which prices raised to their former level; but while the pressure lasts prices are low.

Now the extraordinary demands of the last few years—I think I may

say eight years, the German lock-up having commenced in 1871—have certainly been of a kind to produce some monetary effect, even on the assumption that the supply of gold, when the pressure is removed, remains sufficient for the wants of the world with prices at their former level. Altogether, during the last six years Germany has coined 84 millions of gold, very little of this being recoinage. The accumulation of gold in the United States, again, principally during the last two years, amounts to about 30 millions sterling, the stock of gold in the country above what it had for several years previous having been increased by that amount. These two sums amount to 114 millions, and if we allow for other extraordinary demands, such as that for Holland, which has been substituting a gold for a silver money, and at the same time make deductions for what Germany may have recoined, we may say in round numbers that the extraordinary demands for gold during the last eight years have amounted to 120 millions, or 15 millions a year. As the annual production of gold eight years ago was estimated at from 20 to 22 millions only, and has since rather fallen off, as we shall presently see, it is quite plain that these extraordinary demands can have left very little for the ordinary wants—the wear and tear of coinage, losses, use in fine arts, and new coinage to correspond with the wants of population increasing in numbers and wealth. My own calculation in 1872, in a series of articles which I then wrote, was that, for many years previous, the average requirements of the gold-using countries, excluding both Germany and the United States, which were not then in the list, had been 12 millions annually. But if you deduct 15 millions from 20 or 22 millions, you have much less than 12 millions left, and, consequently, the former state of things as regards prices could not have been maintained during these eight years. Now that the extraordinary demands are over, prices may recover, but the extraordinary demands must have contributed to the present adverse fluctuation.

These three causes, then—the extreme and prolonged discredit, the bad harvests, and the extraordinary demands for gold—appear to me to have concurred in bringing prices of commodities to the lowest level which has been reached at any period for many years. That they would be sufficient to account for much of the effect which has been produced can hardly be disputed, and that they have existed is beyond all doubt.

The question is infallibly suggested, however, whether in addition there is not a subtler cause at work—an actual insufficiency of the current supply of gold for the current demands of gold-using countries. This is quite a separate question from the effect of the extraordinary demands which have been described, and it seems to me most important that we should keep it separate. It is a subject infinitely more complex and difficult to treat, and one on which even the most skilled, I believe, would venture to give an opinion with far more diffidence than on the effect of the extraordinary demands themselves.

My own opinion is that some such cause may have been at work, though whether its effects would have been at all marked as yet, in the absence of the extraordinary demands, may be doubted. The main presumptions to this effect are—first, the undoubted falling off of the gold supplies during the last 20 years. I have reprinted in the Appendix (Table IV.) that portion of the table put in by Sir Hector Hay in his examination before the Silver Committee which relates to the production of gold, as containing, I believe, the most generally accepted estimate of what the gold production has been. The following is a summary of that table in quinquennial periods, with the annual average for each period.

ESTIMATED PRODUCTION OF GOLD IN THE YEARS 1852, 1873, IN QUINQUENNIAL PERIODS, WITH THE SEVERAL AVERAGES FOR EACH PERIOD.

PERIOD.	TOTAL PRODUCTION.	ANNUAL AVERAGE.
1852–1856	£149,665,000	£29,933,000
1857–1861	123,165,000	24,633,000
1862–1866	113,800,000	22,760,000
1867–1871	108,765,000	21,753,000
1871–1875 (4 years)	76,800,000	19,200,000

The dwindling of the supply in this table is very marked, and naturally suggests that the effect on prices of the great gold discoveries may not have been continued much beyond 1861, while lately the difference is so great that, even apart from extraordinary demands for gold, that effect may have been reversed. The difference of an annual yield of from 25 to 30 millions between 1852 and 1861, and an annual yield of less than 20 millions at the present time, is palpable. Of course, the question is not settled by this consideration. One of the effects of the great gold discoveries was to create new markets for gold itself. Under its bimetallic *régime* France replaced an enormous stock of silver by gold, and becoming a gold-using country, absorbed the new supplies to an enormous extent. India again absorbed an immense sum, especially during the years of the cotton famine, when her credit abroad was so suddenly and so enormously augmented. Until 1866, it may be said the market for gold was so affected by extraordinary demands that there was hardly time for prices to settle down into a normal state, and the full effect of the new supplies on gold-using countries alone was never fully tested. But it is at least obvious that the diminished supply could not now meet the extraordinary demands which were met by the supply of the earlier years, even if the ordinary demands have continued the same.

I should add that not only do the figures show an actual falling-off of supply, but there is a probability of the supply being obtained at a greatly increased cost of production. The nineteen millions now produced are obtained with more effort than the thirty millions 20 years ago. This means that if prices were to tend upwards, a check might be

put upon the movement by a still farther falling-off of the gold supply. It might not pay to work mines which are now profitable if prices all round, necessarily including wages, as well as commodities, were to rise.

We come, then, to the question whether ordinary demands have continued the same, to which the answer must, of course, be that coincident with the gradually declining supply of gold, there must have been an enormous increase of current demands. The increase of population in the gold-using countries alone must have been nearly 50 per cent. In the United Kingdom alone, the annual rate of increase has been for long nearly one per cent. per annum, 0.83 per cent. between 1861 and 1871, which gives 28 per cent. in 30 years, while in the Australian colonies, the rate of increase is, of course, much greater. Suppose the world's annual supply of gold before 1848, say six millions sterling, was quite sufficient to maintain equilibrium then, which I doubt, the natural increment of population, assuming it to be no more wealthy and to use no more coin per head than the population before 1848, would make the present usual requirement from the gold-using communities in existence before 1848, or their descendents, about nine millions. But the wealth per head has increased enormously. In the paper I read last year on recent accumulations of capital in the United Kingdon, the rate of increase in the 10 years ending 1875, was estimated at 27 per cent., and this rate of increase being deduced from the actual rate of increase in the assessments to the income tax, is not subject to the doubts which may be entertained respecting the totals of the accumulations themselves. Whatever the figures may be at the beginning and end of the period, such has been the rate of increase. Not only then must the requirements of gold-using people be increased by 50 per cent., to allow for the natural increment of population, but another 50 per cent. must be added for the greater wealth per head. This would further raise the usual requirements according to the previous 1848 standard from the above sum of nine millions, which allows for the increase of population only to 13½ millions. The same conclusion is reinforced by a consideration of the quantities of goods dealt with in our principal industries. The production of coal in 1846, as you will see by reference to Mr. Mundella's paper last year, was estimated, in 1846, at 36,000,000 tons; in 1876, it was 133,000,000 tons, or about three times as much. Between 1854 and 1876, or little more than 20 years, the production was rather more than double. The production of pig-iron, again, has increased, between 1840 and 1876, from 1,396,000 to 6,556,000 tons, or about five times, in less than 40 years. The entries and clearances of ships in the foreign trade again have increased from 13,307,000, in 1840, to 51,531,000 tons in 1877, or nearly quadrupled. The imports of raw cotton again have increased from six millions cwt. in 1848, to more than twelve millions cwt. in 1877, or 100 per cent.; and, although this seems less striking than some of the previous figures, it is to be noticed, on the other side, that the exports of cotton-piece goods have

risen from 1,096,751,000 yards, in 1848, to 3,838 million yards in 1877, or nearly four times. But it would be needless to multiply instances. The peculiarity of the period has been the increase of mechanical invention, and the constant augmentation of goods, so that the accumulation of capital above shown is even in less proportion than the increase of the movement in trade which the money in use has to move. It is a moderate calculation, that if only the countries which used gold in 1848, including their colonies, were now using it, the requirements to correspond with the increased population and wealth, would be at least three times what they were, assuming prices to remain in equilibrium.

Nor is this all. The extension of the area of gold-using countries since 1848, first, by the practical inclusion of France, and next, by the more recent inclusion of Germany and the United States, has, no doubt, added to the usual demands to an extent it is unnecessary to determine exactly, but at least by several millions. Thus, while, during the last 30 years, the annual yield of gold has been falling away from its first superabundance, the current demands for the metal have certainly been growing with marvelous rapidity. If there was much need 20 years ago of new channels for the new gold supplies to prevent an enormous rise in prices, it is at least possible that more recently the increasing current demands have been sufficient to use up the diminishing annual supply. So far as we can judge, the point of junction of the two curves must have been at some date within the last 10 years, though in such matters precision is of course impossible. In this view, the fall of prices in the last ten years has been aggravated by a subtler cause than the extraordinary demands for gold which have existed. These demands have come upon a market which apparently had no surplus to spare. They have, consequently been supplied very largely by a continued pressure upon existing stocks, till an adjustment has, at length, been made by a contraction of trade and fall in values.

It may be said, perhaps, that the usual requirements of gold-using countries have been changed from what they were by the extension of the check and Clearing-house system, by the diminished use of gold in the arts, and by similar means. Perhaps there is some diminished use of gold in the arts, but, of course, the only really important question in this matter is the use of gold in coinage, and I should doubt if any great economy in the use of gold has been established in the last 30 years. Excluding Germany and the United States, which have just been added to the number, the principal gold-using countries besides the United Kingdom and its colonies are France, Portugal, Egypt, and the South American countries, but it would be difficult to show, I think, the check system or any other system of economizing money has been greatly extended in those countries in the period. In the United Kingdom, again, all the recognized expedients for economizing money, especially in the check and Clearing-house system, seem to have been fully operative 30 years ago

as they are now. The United Kingdom was very fully "banked" before 1850, the growth of banks and banking business having since been no more than in proportion to the increasing wealth of the community. The circumstances are such, however, that a considerable allowance may be made for the introduction of economizing expedients, without altering the fact that the current gold requirements of the world have increased enormously since 1848, while the annual supplies, which threatened an incalculable rise of prices, have been dwindling away.

Let me add, that whatever doubt may be entertained as to the actual meeting of the two curves of demand and supply of gold during the last few years, apart from extraordinary demands, all the facts and circumstances seem to indicate that the meeting point must come very soon, unless the supply of gold is increased, or economizing expedients introduced and extended. At the recent rate of progress, the current demands may be expected to increase at least 20 per cent. every 10 years, so that if 20 millions annually are now just sufficient for all purposes, not less than 24 millions will be required 10 years hence. In another ten years, the annual requirement will be more nearly 30 millions. If we start from a lower total now, say from 16 millions, all the same, the figure of 20 millions will soon be exceeded. And this without leaving any margin for extraordinary demands, which, experience seems to show, are never wanting, so that, as in a budget, allowance should be made for the unforeseen as in some sense more certain than all that is exactly forecast. If the scarcity of gold has, as yet, contributed very little to our money troubles or the fall in prices, it must, at least, be about to have that effect if no great change comes. Whether such a change is likely to come in the shape of an increased gold supply, it will be for geologists and mineralogists to judge, but it is not reassuring to see how little comes practically of the recent gold discoveries in India and the rediscovery in Midian. Whether, on the other hand, change may come in the shape of economizing expedients, will be a point of no little interest for bankers and all other business men, and for legislators. Considering the slowness with which such expedients become effective when they are first introduced, and the perfection to which they have been brought in countries like England, where they are introduced, I feel great doubts whether much relief can come in this way. On the whole, I see no other outlet from the situation than in the gradual adjustment of prices to the relatively smaller and smaller supply of gold, which must result from the increasing numbers and wealth of the populations of gold-using countries.

III.—*What the fall Explains, and its Consequences.*

The fact of a fall in prices such as has been described, explains a good many things, while the consequences of it, or, to speak more correctly, perhaps, of the more permanent of the causes which have contributed to

it, must be far-reaching. There are one or two topics of importance in this connection on which I have a few brief remarks to offer.

First, we have a sufficient explanation in the fall of prices of much of the falling-off of trade, especially our foreign trade, which is the occasion of so much alarmist writing. There is a constant assertion by some writers of two alleged facts, one, that our foreign trade is diminishing, the other, that foreign countries are gaining what we lose, from which the inference is, that the decline of our trade is to be accounted for by the successful competition of foreigners. Indeed, it is sometimes said that the foreigner is taking the bread out of the mouths of our manufacturers and the men whom they employ. I have never seen this view supported by any careful examination of what the growth of the trade of foreign countries really is, or by a consideration of what goes on in our trade generally, and not merely in particular trades which may be affected here and there by the pressure of foreign competitors; but the question of the fall of prices appears to open up a new view. What if there is no falling-off, or no material falling-off of our trade at all, so that all this writing about our decaying trade, and the gain of foreigners at our expense, is only so much writing in the air? It is clear that an average fall of 20 or 30 per cent. in prices must make all the difference in the world. We are not left to conjecture in the matter. The exports of British and Irish produce show a falling-off in total value, between 1873 and 1877, of about 22 per cent.

The exports, in 1873, were	£255,165,000
" in 1877, were	198,893,000
Reduction, ...	£56,272,000

which is almost exactly in the proportion stated. But we have already seen that while the index number of 73.1 falls to be increased in 1873, when a comparison is made with 1861, by the sum of 20.60, the index number falls to be decreased in 1877 by 2.04, so that there has been an average fall of price between 1873 and 1877 of more than 20 per cent.[1] There is nothing in the figures, then, to imply that the quantities of the articles exported in 1777 were less than in 1873. To throw further light on the point, I extract from the report to the Board of Trade, already referred to, a table in which the prices of the articles of export enumerated in the statistical abstract, according to their declared values in 1873, have been applied to the quantities exported in 1877. The result is, that while the aggregate declared value of the enumerated articles in 1877 was 147,801,000*l.*, their aggregate value at the prices of 1873 would have been 191,530,000*l.*, which is within a million of the aggregate value of the exports of the same articles in 1873. There are variations in the

(1) And exclusive, of course, of the additional fall in 1878.

quantities of the articles, some increasing, and others diminishing, between 1873 and 1877, but the upshot is that, if the prices of 1873 had been maintained all round in 1877, the returns, as far as the enumerated articles are concerned, and presumably as regards the remaining articles of trade where the entries are mostly by value only, would have exhibited no decline at all.

It can not be maintained, of course, that a fall of values, only, is immaterial. Profits depend on price, and this is an especially important consideration in the foreign export trade, as regards articles exclusively or mainly of British origin, and where a large part of the value is not constituted by the cost of the raw material previously imported. Our trade may, consequently, be less profitable, though the quantity we turn out has not diminished. But other countries must suffer by the fall in price, exactly as we do ourselves, and the question here is, not of the profitableness of the trade at a given time, but of its extent; and, as to this, the impression that our foreign trade has diminished to any material extent, during the last few years, may be pronounced to be absolutely without foundation. Regarding profit, moreover, I may be allowed to say, in passing, a good deal might be urged in favor of a time like this being really the most profitable in the end, notwithstanding all the complaints of depression. Much of the prosperity of years like 1873 is, in reality, hollow; and much of the dullness of dull time is due to the fact that people are forced to acknowledge themselves not so rich as they thought. But this is, perhaps, taking us away from the matter in hand, which is that of the volume of our trade only.

To be quite fair, it must be acknowledged that, holding our own in such matters is not all that is necessary. If business is to be in a real equilibrium, there should be a steady increase in it *pari passu* with the increase of the population. There has been some real check, then, to the growth of our foreign trade during the last five or six years. But, on the other hand, we must remember that, previous to 1873, there was a marvelously rapid growth, much above the annual average. All things considered, it is yet too soon to complain of the check of the last five years as indicating the beginning of a permanent retrogression.

The second point I shall advert to is the possible connection between the appreciation of gold and the depreciation of silver. It is an obvious enough suggestion that, as silver in the markets of gold-using countries is only a commodity, it will probably sympathize with any general movement in the prices of commodities. Indeed, it has been urged by the Calcutta Government that it is not silver which has changed, but gold. Silver prices, they say, have not perceptibly risen in the Indian markets, although gold has risen. Without going into detail on this subject, which would take up a whole paper by itself, and which we may safely leave to Mr. Bourne, when he comes to read his paper on the silver question, I may be allowed to remark that very likely gold and silver have both

changed. One or two of the causes we have described as likely to produce a general fall in prices; the prolonged discredit and the bad harvests have been as applicable to silver-using as to gold-using countries, and have surely been applicable to India and China, with their tremendous famines, and much rottenness in their foreign trade. It was, therefore, possible that silver prices should have fallen, like gold prices, and the relation between the two metals have been left unchanged; if silver prices have been stationary, or have not fallen so much as gold prices, then, as we can not be sure how much the scarcity of gold has aggravated the fall of prices here, it is difficult to argue from the fall of silver in relation to gold that the difference between them arises from an appreciation of gold only. There may have been depreciation of silver as well, even if of a temporary kind only; the events of the last few years, relating to silver, especially the sudden sales of the stocks of German silver, and the stoppage of silver coinage by the Latin Union, being calculated to have that effect. The wonder, perhaps, rather is that silver has not depreciated still more. Possibly the stock in use in the silver countries is so large that great additions can be easily absorbed; but the change has yet to be tested, we must remember, by a period of good business, and naturally rising prices in the silver-using countries. So far as it goes, however, the depreciation of silver in relation to gold, whatever changes may have occurred in silver itself in relation to other commodities, is not inconsistent with the supposed change in gold in relation to such commodities.

A third point to notice, is the connection between a great fall in prices of commodities and a fall in wages. The two things are inseparably connected. First, in certain trades, and this connection has been especially shown, of late years, in the iron trade; the gross price of the articles produced is so much diminished that, if the cost of labor is unaltered, the laborer will be in receipt of an enormously increased share of what is produced. Say an article formerly selling for 20*l.*, the cost for labor being one-fourth, or 5*l.*, falls in price to 10*l.*, then the 5*l.* given to the laborer would be 50 per cent. of the selling price. It is incredible that so great a change could occur without the laborer being affected, and there have been even greater changes in the iron and coal trades. But, second, in almost all trades especially those in which the cost of labor constitutes a large part of the cost of production, there is necessarily some connection, in the long run, between the money rate of wages and the prices of the usual articles of the laborer's consumption, according to his standard of living. It would take us out of our way to enter into a controversy here about the wages-fund, but it is quite plain that the real wages paid by the capitalist to the laborer consist mostly of commodities; if money-wages remain the same, while commodities fall in price, there is an increase of real wages. In some way or other, then, an adjustment of money-wages to reduced prices becomes inevitable. In miscellaneous industries this

may be effected by the constant action of individual interests, when changes of employment occur; by the steady substitution of superior for inferior workmen; by the transfers of business, enabling the wages of clerks and others to be revised; and by similar means. In more conspicuous trades, where large groups of men are employed, there are notices of reduction on a large scale, as well as these minor instruments of effecting a reduction. But nominal reduction must come somehow, unless there is to be a real rise in wages. The visible opportunity of employers is, of course, the scarcity of employment, and the disorganization of industry which attends a great fall of prices; but employers would obviously be unable to continue paying, for any length of time, really increased wages. There is no Fortunatus's purse which would not quickly be exhausted in such an attempt.

There is another subject of, perhaps, greater complexity, which seems to be suggested. If a general downward movement of prices, due to a comparative scarcity of gold, has begun, are we not on the eve of a reversal of the changes which commenced with the Australian and Californian discoveries—changes so admirably described in Mr. Jevons's well-known book. These changes were, substantially, a gradual lightening of debts for the benefit of the debtor class, and to the immediate loss of annuitants and capitalists, however much the latter might be compensated, in the end, by an increase in the nominal income of their land, houses, and other securities. Now, we may witness a gradual increase of the burden of debts, to the loss of debtors, and for the immediate advantage of creditors; although, in the end, the latter may lose by the relatively diminished nominal income of their securities, following the adjustment of all prices to the new circumstances. There can be no doubt that some such general effect as this must follow, if it should, in fact, turn out that a serious appreciation of gold has set in, and the circumstances of its production and the use of economizing expedients do not change. In the end, the effect in contracting trade is looked forward to with some apprehension by many of our best authorities.

I do not propose to dispute this conclusion here. It would land us in an almost endless controversy, if we were to discuss whether a constant influx of new money, leading to a prolonged rise in prices, does more good or harm, in the long run, than a constant failure of new supplies, to meet current demands, leading to a prolonged fall in prices. A great deal, I imagine, could be said on both sides; the rebound from excessive inflation more than compensating, perhaps, all its alleged benefits, and the additional fall in prices, due to a gradual scarcity of gold, being as nothing, when compared with the falls which take place from time to time, owing to the simple failure of credit. But, while avoiding this discussion, I may, at least, point out that the most serious effects of this incipient gold scarcity will probably be gradual, just as the effect of the discoveries in causing a rise of prices has been much more gradual, and

confined within narrower limits than economists were in the habit of anticipating. Particularly at the present moment, the depression may have gone so far that the accumulating stocks of the precious metals will be sufficient, for a good while, to support a considerable expansion of trade—that it will only be, later on, as prices tend to get back to the former level, that the real pressure of the scarcity will be felt. A year or two's ease in the money market, following the events of last year, will, however, be no proof at all that the causes above described have not been operative, and will not again be operative.

IV.—*Concluding Observations.*

In bringing this long paper to a close, I have only one or two practical observations to offer. The "moral" of much that has been said is clearly this: that, if possible, the scarcity of gold which has contributed to the present fall of prices, and may have further serious effects in future, should, if possible, be mitigated, and should, at any rate, not be aggravate by legislative action. I have expressed great skepticism as to whether, in fact, seeing how slow men's habits are to change, any mitigation is probable in the shape of expedients for economizing money. But it must be recognized that, if bodies of men were amenable to reason in currency questions, and there was really a widely felt belief of serious mischief impending from a gold scarcity, some economizing expedients could be tried. To give only one illustration: I suppose few things are more unlikely than that 1*l.* notes, or notes for less than 5*l.*, will again be introduced in England; but the introduction of such notes alone, with all suitable arrangements for their convertibility, would certainly go far to neutralize even such another extraordinary demand as that for the German coinage. The German demand for gold would, itself, have been much smaller than it was, but for the banking reform which accompanied the coinage, and part of which reform was the abolition of notes of small denominations. The United States pressure for gold during the last few months would also have been far more serious than it has been, if the Government of that country had complicated its resumption arrangements by the abandonment of all greenbacks of from five to twenty-five dollars, and the prohibition of bank notes for such amounts. There seems a possibility of regaining something, then, by reintroducing 1*l.* notes, if the present gold scarcity should continue. I hope I shall not be understood as advocating such a change, or as being insensible to the weight of many practical objections which could be urged against it, if it were immediately proposed. I am only mentioning it as a possible expedient for economizing money, and there are, no doubt, others. As regards small notes, however, it would seem that at least any change by countries which still retain them in the direction of their further abolition, leading to a greater demand for the precious metal, ought to be deprecated. Still more, we ought to deprecate any

change in silver-using countries in the direction of substituting gold for any part of the silver in use. It would be nothing short of calamitous to business, if another demand for gold like the recent demands of Germany and the United States were now to spring up. Even a much less demand would prove rather a serious affair, before a very long time elapsed.

EXHIBIT B.

(Presented by LORD REAY, page 292.)

MEMORIAL OF MR. PROBYN, OF LONDON.

East India United Service Club,
St. James Square, London, May 12, 1881.

The principal function of silver, as money, should be its employment for subsidiary currency; its value should be maintained by this function being encouraged rather than by the extension of its use on the same footing as gold. To use Lord Liverpool's words, "Where the function of the gold coins as a measure of property ceases, there that of the silver coins should begin;" or to describe more exactly the remedy I should apply, "Where the function of the silver coins as a measure of property ceases, there only should that of the gold coin begin."

This division of their functions can only be secured by not striking gold coins of any smaller denomination than the limit fixed as that where the function of the gold coins should begin. If it be determined that the function of gold should begin at 1*l*., nothing smaller than 1*l*. should be coined in gold.

For some reasons, it is convenient that the function of gold should begin at a lower amount; say, as it does at present in England, at the half sovereign. But if there be a necessity for the increased employment of silver this should be secured, even though it may cause some slight inconvenience, rather by increasing the area of its legitimate and clearly defined function, than by its indiscriminate use as a standard of value, under the same conditions as gold.

Under this proposition silver remains a token currency, and as overissue, and consequent depreciation, must be guarded against, the effect would not be very important unless a high limit were placed as that below which gold should not be used.

It should be remembered, however, that the effect of the increased use of silver in this manner would be twofold: (1.) The gold, so far as it would otherwise be used for small payments alone, would be saved; (2.) There would be a corresponding increased employment for silver.

The recent statement of the German Delegate shows that nearly 24,000,000*l*. of gold has been absorbed in 5 and 10-mark pieces. If the German Goverment had determined not to coin any gold coin smaller

than the 20 mark pieces, a considerable part of this large sum of gold might have been saved, and there would have been also an increased use for silver. So in France; if the 10 and 5-franc gold pieces, non-circulating in that country for small payments, were in the form of 20-franc pieces, their place would have been taken by some of the silver 5-franc pieces now uselessly cumbering the bank vaults, and the gold reserve would have been strengthened in a corresponding degree; while, if the gold 10 and 5-franc pieces, now in its balance, were in the shape of full-weight 30-franc pieces, the position of the Bank of France would have been still further improved. And so, too, with England. We probably have 18,000,000*l.* of half-sovereigns in circulation. Some considerable portion of this is employed, exclusively, for small everyday transactions, for which sovereigns are too large to be used. To this extent, then, gold would be saved, by the limit of the gold coin being raised from 10*s.* to 1*l.*, and there would be, to the same extent, increased employment for silver. Some portion, no doubt, constitutes part of our gold reserve, and is the basis of our large payments, and of our note circulation; and, though in respect to this portion there would be no direct saving by raising the limit, such reserve would be more conveniently held in the shape of full-weight sovereigns or in larger gold coins, than in half-sovereigns, which are more troublesome to count, and are specially liable to loss by abrasion. Similar remarks might, doubtless, be applied to the small gold currency of other European countries and of America.

The inconvenience caused by thus raising the limit for the function of silver would be confined to the upper classes. The lower classes have few transactions in which small gold coins find a place, and comparatively many for the settlements of which such coins would be useless; they are, also, more likely to lose small gold than large silver coins. Habit, too, has a great deal to do with it. And inconvenient, no doubt, as the abolition of the half-sovereign, for instance, would be to some of us, it would not, probably, not take long to accustom us to the change.

Further, too, there might be what I will call *token-notes*, partially supported by a silver-token coin reserve for the higher subsidiary payments.

Let us examine the effect of displacing the small gold in circulation in a country by such token-notes.

Such displaced gold would be made up of three amounts:

I. The amount which constituted part of the reserve, and of the basis of large and international transactions, and for the treatment of which, as full standard money, provision would have to be made.

II. The amount required and used, in its present form, for small transactions.

III. The amount ordinarily used for small transactions, but which would require to be changed, at certain seasons, into still smaller values.

The only improvement to the position of silver which the displacement of I would cause, would be the saving of gold wear and tear,

owing to the circulation of paper instead of gold, and owing to the less abrasion in large than in small coins.

The displacement of II. would altogether save this amount of gold.

The displacement of III. would altogether save this amount of gold, and, at the same time, give employment to a corresponding amount of silver.

Allusion has been made to the danger of an over-issue of a token currency. There might be still greater danger of the over-issue of a token currency of which part consisted of paper. But there is a simple way of guarding against it. It is by providing for freedom of exchange of the token into full legal-tender currency, if presented at the proper place in sufficient quantities. Such an arrangement is in force in regard to the token currency of India. A token has been well called a "mint promise to pay." If their "mint promises to pay" are presented in sufficient quantities they would be redeemed. There can then be no fear of an excess issue. But, at the same time, a certain amount of such tokens will always remain in circulation; an amount which will depend on the limit below which full legal-tender money is not available. And if there be a considerable difference between the highest and the lowest token issued, there will be, at certain times, an expansion of the higher and a contraction of the lower token currency, and *vice versa*, to meet which it will be necessary to hold in reserve that description of token currency which it is possible may be required.

I have alluded to the considerable loss which small gold coins suffer by abrasion. The frequent references to this subject, in the correspondence columns of the *Times*, allow its importance, at any rate, in England. The condition of our gold currency is known to be most unsatisfactory. The increased use of token silver, and the employment of token notes, would save much of the loss now occurring from the abrasion of gold, and much of the consequent inconvenience which last holders of worn coins at present suffer.

(Signed) PROBYN.

NINTH SESSION.

NINTH SESSION.

THURSDAY, *June 30th*, 1881.

MR. MAGNIN presided.

After an adjournment of six weeks the members of the Monetary Conference re-assembled on the 30th June, 1881, at 2 P. M., at the Ministry of Foreign Affairs.

There were present:

For Austria-Hungary—

COUNT VON KUEFSTEIN, Councilor of the Imperial and Royal Embassy at Paris, member of the House of Lords.

CHEVALIER ANTONY VON NIEBAUER, Councilor at the Imperial and Royal Ministry of Finance.

For Belgium—

MR. PIRMEZ, Member of the House of Representatives, formerly Minister of the Interior.

MR. GARNIER HELDEWIER, Councilor of the Belgium Legation at Paris.

For Denmark—

COUNT VON KNUTH, Secretary of the Danish Legation at Paris.

For Germany—

BARON VON THIELMANN, Councilor of the Imperial Embassy at Paris.

MR. SCHRAUT, Government Privy Councilor, and Reporting Councilor at the Office of the Imperial Treasury.

For Great Britain—
Mr. Fremantle, c. b., Deputy Master of the Mint.

For British India—
Sir Louis Mallet, c. b., Under Secretary of State for India.
Lord Reay, Peer of Scotland.

For Greece—
Mr. Brailas-Armeni, Envoy Extraordinary and Minister Plenipotentiary of Greece, at Paris.

For Italy—
Mr. Seismit-Doda, formerly Minister of Finance, Deputy of the Italian Parliament.
Count Carlo Rusconi, formerly Minister of Foreign Affairs.

For The Netherlands—
Mr. Pierson, Professor of Political Economy at the University of Amsterdam. Member of the Board of Directors of the Netherlands Bank.

For Portugal—
Mr. Navarro d' Andrade, Chargé d'Affaires of Portugal.

For Russia—
Count Mouravieff, Chief Secretary of the Russian Embassy.

For Sweden—
Dr. Hans Ludwig Forssell, formerly Minister of Finance, President of the Chamber of Finance.

For Norway—
Dr. Ole Jacob Broch, formerly Minister of Marine and Posts, Professor at the University of Christiania.

For Switzerland—
Mr. Lardy, Chargé d'Affaires of the Swiss Confederation at Paris.
Mr. Burckhardt-Bischoff, of Basle.

For the United States of America—
Mr. Evarts, formerly Secretary of State of the United States.
Mr. Thurman, ex-Senator.
Mr. Howe, ex-Senator.
Mr. Dana Horton, former Delegate to the International Monetary Conference of 1878.

For France—

MR. J. MAGNIN, Senator, Minister of Finance, President of the Conference.

MR. DENORMANDIE, Senator, Governor of the Bank of France.

Mr. CERNUSCHI.

In declaring the Session opened, THE PRESIDENT desired to welcome the members of the Conference, and to congratulate himself once more on the honor they had done him by calling on him to direct their labors.

The minutes of the Session of May 19th, 1881, were read.

In the course of the reading MR. DANA HORTON asked for various corrections in the proceedings of former Sessions.

Subject to these amendments the minutes of the last Session were approved.

THE PRESIDENT read a letter which he had received from Mr. Vrolik, and in which the Vice-President of the Conference, now unwell, expressed his regret at being unable to attend the first meeting of the new series.

MR. MORITZ LÉVY, whose place at the Conference was to-day occupied by Count Knuth, Secretary of the Danish Legation at Paris, also excused himself, being detained at Copenhagen by private business. The letter which he had written containing interesting information on the monetary question would be annexed to the minutes.[1]

THE PRESIDENT likewise informed the Conference that he had been officially apprised of the appointment of Mr. Navarro d'Andrade, Chargé d'Affaires of Portugal at Paris, in the place of Count San Miguel, summoned to Lisbon on public business, and of the appointment of Count Mouravieff in the place of Mr. De Thoerner, whose state of health did not allow him to return to Paris. Mr. Moret y Prendergast had also excused himself, owing to the health of a member of his family.

THE PRESIDENT, whose duties as Minister of Finance would frequently call him to the French Chambers, where the Budget of 1882 was now being discussed, feared he could not take part as much as

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[1] Exhibit A, p. 379.

he should wish in the labors of the Conference, and asked whether it would not be expedient to proceed, in the absence of Mr. Vrolik, to the nomination of a second Vice-President. This appointment would take place at the next Session, in case only that he learned that the chief Delegate of the Netherlands was unfortunately prevented from attending the future meetings of the Conference.

This proposition was adopted.

Mr. Lardy, Delegate of Switzerland, apologized for Mr. Kern, who had been summoned to Switzerland by his Government, and was unable to return in time for the first meetings of the new Session.

Mr. Fremantle, Delegate of Great Britain, also conveyed to the Conference the regret of Sir Alexander Galt, whom the affairs of the Dominion had recalled to Canada.

Mr. Seismit-Doda, Delegate of Italy, informed the Conference of the impending arrival of Mr. Luzzatti, but doubted whether Mr. Simonelli's new functions of Under Secretary of State at the Ministry of Agriculture and Commerce would allow of his soon returning to France.

Mr. Dana Horton laid on the table of the meeting three documents, the presentation of which he had announced at previous Sessions[1], also a note on the simultaneous circulation of the two metals in France, and a table of the monetary circulation in the United States. It was agreed that these documents should be added at the close of the journal.[2]

Mr Broch, Delegate of Norway, presented to the Conference two notes, one on the industrial use of the precious metals in Norway, the other on the monetary situation of Norway, after the substitution of the gold for the silver standard in that kingdom.[3]

Mr. Cernuschi, Delegate of France, submitted a table of the coinage of silver on the account of the Treasury in France since 1874. It was agreed that this table should be published at the end of the present Minutes.[4]

[1] See pp. 385-90.
[2] See Exhibits B, and C, pp. 385-90.
[3] Exhibits D and E, p. 391-97.
[4] Exhibit F, p. 398.

MR. PIRMEZ, Delegate of Belgium, laid on the table a reply to Mr. Cernuschi's questions respecting the coinage of silver money since 1874.[1]

COUNT KUEFSTEIN, Delegate of Austria-Hungary, announced that he should present, as soon as they had been translated, the replies given by the Government to the request for information made by the Conference.[2] He offered, moreover, on behalf of his Government, for the library of the Conference, all that had appeared of the annual of the Central Statistical Commission Return, 1865 and 1879, as well as the Statistical Bulletin of the Austro-Hungarian Monarchy from 1867 to 1876.

THE PRESIDENT begged the Delegate of Austria-Hungary to transmit to Vienna the expression of the thanks of the Conference for the gift of these two valuable collections.

MR. PIERSON, Delegate of the Netherlands, presented the letter written to the Minister of Finance at the Hague by the Netherlands Bank on being consulted on the monetary question. This letter would be annexed to the Minutes.[3]

THE PRESIDENT asked the Conference to fix the order of its labors. The programme marked out by the Delegates comprised two very distinct parts, the general discussion and the discussion of the *Questionnaire*. In the course of the previous sessions, the first part of the programme had been the object of serious and thorough debates, the entire substance of which was given in the minutes recently published. The second part of that programme remained to be entered upon. But after a separation which had lasted nearly six weeks, and particularly after the Governments had been informed concerning the labors of the Conference, and had been enabled to examine and form an opinion upon them, would it not be well to adjourn for a day or two, in order that, in private conversations, the Delegates might exchange views and settle their course. Was the Conference of the opinion that it must enter immediately upon the discussion of the *Questionnaire*, or would it prefer to adjourn to an early day.

MR. DENORMANDIE, who expressed himself as coinciding in the reasons which The President had urged, supported the motion for adjournment. The next meeting might be fixed for Saturday.

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[1] Exhibit G, p. 399. [2] Exhibit H, p. 404. [3] Exhibit I, p. 412.

The President put this proposition to the vote, and it was adopted.

Owing to his being obliged to attend the discussion of the Budget on Saturday, The President expressed a wish that the next meeting of the Conference should be fixed for 12.30 P. M.

This proposition was adopted.

The Session concluded at 3.30 P. M.

EXHIBITS OF THE NINTH SESSION.

EXHIBIT A.

LETTER OF MR. MORITZ LEVY, DELEGATE OF DENMARK, TO THE FRENCH MINISTER OF FINANCE, PRESIDENT OF THE MONETARY CONFERENCE. (p. 376.)

Copenhagen, June 27, 1881.

Sir—Being prevented by private business from having the honor to participate, as Delegate of Denmark, in the resumption of the labors of the Monetary Conference, I take the liberty to address you this letter for the purpose of submitting to you my views of what, in my opinion, could be done to give a satisfactory solution to the important question which is now the subject of the deliberations of the Conference, and especially to avert the difficulties which, as is asserted in well-informed quarters, there is reason to fear may arise from the present situation.

At the same time, I must beg of you, sir, to consider this communication as the expression of my personal opinion only, and as in no way committing the Danish Government.

Permit me, at once, to confess that I have not been able, in any view of the matter, to persuade myself of the advantages of bimetallism. I am as convinced to-day that the Scandinavian countries pursued a wise monetary policy in adopting the single gold standard in 1872, as I was at the time when I was occupied in laboring for the realization of that reform.

Among the disadvantages of bimetallism, I may be allowed to point out, in particular, the following:

I. The relative value of gold and silver being subject to variations, like that of every other product, the fixing by law of a constant and unchangeable relation between the two metals would, after a limited time, entail the result that banks of issue would only be able to redeem their

notes in silver, and that this last-named metal would become the real medium of international payments, unless, indeed, the value of silver had been fixed too low.

It is certain that the people of the different civilized countries prefer gold to silver, and reject the latter; this has been shown by the experience of France and the United States of America. The result will be, beyond all doubt, that the banks of issue, not being allowed to refuse silver, will become the reservoirs for the accumulation of that metal, so that, in the course of time, the banks will hold nothing but silver for the redemption of their notes and for the settlement of international transactions.

II. The commercial value of silver in relation to gold has, during the three years last past, been nearly as 1 to 18; now, if the ratio between these two values be fixed by law at the proportion of 1 to 15½, and if this ratio be adopted by several great countries, the commercial value of silver will necessarily rise at once. It follows that the production of this metal will be stimulated, and might even attain such proportions that the total money-mass would be increased very much beyond the natural requirements.

The consequence would be a general rise in the price of all the necessaries of life, such as took place after the discovery of the auriferous deposits of California and Australia.

Such a state of things would work to the injury of all those who live upon fixed incomes, and, what I consider still more important, would change the conditions of living in the case of the millions of workpeople who earn their bread by daily wages.

Experience has sufficiently proved that, only after conflicts and struggles do wages reach the level of a rise in the price of articles absolutely required for subsistence.

If, therefore, I do not believe that there is any occasion for a country having a monetary system based upon the gold standard to exchange the same for one based upon bimetallism, nevertheless, I am not prepared to deny that the present situation, produced, as it has been, by various causes, may lead to difficulties, if the circumstances which brought it about continue to exert an influence during any considerable time.

So far as concerns silver, it must be admitted that the fall in its price does constitute an obstacle to the development of commercial relations between many countries of Europe and the countries of Eastern Asia, whose monetary system is based upon silver; and that the falling value of this metal exerts a most hurtful influence as repects the large amount of European capital employed in Asia.

Further, a prolonged depression in the price of silver would lead to another difficulty in all those countries having a limited or unlimited circulation of the white metal, viz., that the considerable divergence between the nominal and intrinsic value of the silver coins would be, of it-

self a temptation to counterfeiting. Even without debasing the alloy or reducing the weight of the coins, such fraudulent manufacture would be remunerative, provided it were carried on upon a sufficiently great scale.

If it be true, as it appears, that there is too much available silver upon the market, the contrary seems to be the case with gold. The existing stock, together with the annual yield, is hardly large enough to allow of Europe submitting longer to so heavy an exportation of this metal as has been witnessed during the past three years, without compelling a resource to measures necessary in periods of monetary crisis.

Until now, Europe has been able, without difficulty, to furnish the United States of America the quantity of gold required for the payment of the supplies of food which the former has imported; but if this situation continues, if several bad harvests in Europe render necessary the continued importation of provisions from America, and if the latter country, in pursuance of its protectionist policy, prevents Europe from paying in European products and manufactured articles, then the exportation of gold to America must go on, and this state of things might be prolonged until the American circulation became glutted with gold.

It is true that the regular annual production of the yellow metal will assist Europe in its settlements with America, but, at the same time, if any country should succeed, by extraordinary means, in extracting gold, as Italy is, just now, endeavoring to do; it is certainly doubtful whether the three great reservoirs of that metal in Europe, the Bank of England, the Bank of France, and the Bank of the German Empire, would be able to stand the drain without causing a long-continued aud severe pressure upon the monetary circulation of the different countries.

Such is the situation. What are the means to prevent the evils with which it seems to menace us? My answer is here:

The remedy must be sought in a more extended employment of silver, and in a more restricted use of gold. Silver must become, in a much greater degree than at present, a necessary part of the circulation needed for the smaller domestic business of each country, while gold would serve only as the metallic reserve guaranteeing the notes of banks issued in larger sums, and as the means of settlement in international transactions.

Both of these objects would be attained if all the States represented at the Conference, or, at least, the seven great powers, France, England, Germany, Russia, Austria-Hungary, Italy, and the United States of America (the other countries are of minor importance in this matter), would unite in the adoption of the following measures:

I. Retire from circulation all notes of a nominal value of less than 20 francs, or an amount corresponding thereto, in other denominations.

II. Retire from circulation all gold pieces of less value than 20 francs.

At one of the early Sessions of the Conference, the honorable Delegate of Russia remarked, in connection with the Declaration made on the part

of Germany of her willingness to withdraw the German five-mark gold pieces, that such a measure should be extended to gold coins corresponding to 10-franc and 10-mark pieces; but such an operation, undertaken by itself, would, in my opinion, prove insufficient, unless preceded or accompanied by the withdrawal of all the classes of notes referred to above; in fact, silver is driven away much more by small bank notes than by the little gold pieces.

The essential thing, as I observed above, would be to render the use of silver necessary in every day dealings. The great obstacle to this is the presence of the immense quantity of national notes and bank paper of small denominations which is to be found in the civilized world, and, in part, unsecured by any metallic reserve. These notes and the small gold coins are, in a certain degree, an obstacle in the manner indicated.

But, first in importance, should be the suppression of the low denominations of paper money; for, if the gold pieces retired are replaced by notes, these latter will not serve to increase the quantity of gold available in those countries which, in respect to the issue of bank notes, follow the rules of the Bank of England. In such a case, the gold coins would simply be turned into the reserve to secure the increased issue of notes which, in the circulation, would have replaced the coin. The withdrawal of the gold pieces could only augment the quantity of gold disposable for international exchanges in those countries where bank paper is not based upon a metallic reserve, or where silver occupies the place of the other metal.

I will now, with your permission, point out the practical consequences of the measures which I have just recommended. It will only be necessary to consider the seven great countries above named, the position of the other States have no essential importance in the general consideration of the question. Furthermore, these latter have no small notes in their currency except such as are entirely secured, as, for example, in the Scandinavian kingdoms.

According to the information that I have been able to obtain, the amount of notes in circulation having a nominal or face value of less than 20 francs is as follows:

	Francs.
Germany—Pieces of 5 marks	50,000,000
Austria-Hungary—Notes of 1 and 5 florins	430,000,000
Russia (approximately)—Notes of 1, 2, and 3 roubles	1,000,000,000
Italy—Notes of ½, 1, 2, 5, and 10 francs	559,000,000
United States of America—Notes of 1 and 2 dollars	230,000,000
TOTAL ... *Frs.*	2,269,000,000

In order to get at the amount of gold pieces of less than 20 francs, which I propose should be withdrawn from circulation, we evidently can not take the quantity coined as the basis of our estimate. During the course of time a large number of these pieces have been melted down

and exported; a great many are held by the banks, of which they make up part of the metallic reserve. We must, therefore, only take into consideration the sum total of these coins actually in use in the currency. This figure can only be arrived at by means of estimates; but I think I shall not be far from the truth in taking the amount of gold pieces of less than 20 francs in value, and actually in circulation, at the following:

	Francs.
Germany—Pieces of 5 and 10 marks	250,000,000
France (with Belgium and Switzerland)—Pieces of 5 and 10 francs	600,000,000
England—Half-sovereigns	450,000,000
United States of America—Pieces of 1 and 2½ dollars	250,000,000
TOTAL ... *Frs.*	1,550,000,000

A sum of one milliard and a half in gold might thus be withdrawn from circulation, which amount of that metal would thus become available for international settlements, while, at the same time, a great quantity of silver would be needed to take the place of the gold and paper money retired.

According to the figures given above, there would be employment, in round numbers, for two milliards and a quarter and one milliard and a half, or a total of three milliards[1] and three-quarters of francs in silver; but there is reason to think that the proposed operation would not require so great a sum in that metal.

It must be remembered that a portion of the small gold pieces retired would be replaced by gold coins of a larger denomination; and likewise many of the smaller notes by paper representing larger amounts. I am, nevertheless, convinced that the complete carrying out of the plan thus presented would necessitate a new currency of silver coins to the extent of two milliards of francs at least.

Such increase from, as I may say, a new direction of one milliard and a half in the available mass of gold, equivalent to the annual product of three years, and a new-found employment of silver to the amount of two milliards would, beyond doubt, remove all fear of a diminution in the supply of gold, and, at the same time, would not only prevent a further fall in the price of silver, but would much more likely cause a progressive rise in its value, which might finally approach the ratio formerly existing between silver and gold.

By these means the harm which is feared would be averted, and in a manner much more lasting and natural than any that bimetallism will ever be able to offer.

This plan presents, it is true, one disadvantage, but one, fortunately, easy of remedy.

In those countries where, up to the present time, the little gold piece

(1) I have every-where used the word "milliard" for convenience, instead of its English equivalent "thousand millions."—(Translator's note.)

has, in fact, been used for small change, as the half-sovereign in England and the 10-franc piece in France, and in the countries where notes of corresponding amounts have served the same purpose, complaints will be heard of being compelled in the future to carry upon the person a greater weight of silver than it had been the habit formerly to do.

But what is there to prevent the creation of a representative of the silver piece, in like manner as gold is represented by large notes?

I think there would be no danger in issuing a paper money, silver notes, which would circulate in the place of the bulky silver coins, such as the five-franc, the five-mark, and the five-shilling piece, provided three things be kept in view:

1st. The silver notes should be secured by a precisely corresponding amount in silver.

2d. So far as concerns the sum for which these notes would be legal tender, the limit should be the same as that for the silver coins which they represented; thus, in England the use of such notes would be limited to payments not exceeding 2*l.* sterling.

3d. In countries having the single gold standard, the State should be obliged to redeem the notes under the same rules which are established in each country in relation to the convertibility of its silver coins.

In this way every necessary guarantee would be obtained against an inundation of little notes, and the currency of the different countries would be ordered in such wise that gold would answer the requirements of international transactions, and would remain a fund for the redemption of the large denominations of bank notes, while silver would serve in small domestic dealings, and as the metallic basis for the silver notes whose legal tender faculty would be limited as indicated above.

Thus, do I believe, sir, that the interesting question now occupying the attention of the Monetary Conference may be solved without the necessity of a radical breach with the principles upon which are based the monetary systems of the different countries; for the requirement that the small, irredeemable notes should be got rid of, or provided with a redemption fund, is only what every State having an inconvertible paper currency is constantly striving to attain, and the further requirement that certain States should exchange the use of their little gold pieces, many of which are much rubbed and worn, for silver coins or notes completely secured, can scarcely be regarded as calling for a sacrifice, especially when the object we are all seeking is immunity from troubles and difficulties of which the consequences may disturb the economic development of our different countries.

While leaving it, then, entirely to your good judgment, sir, whether or not to make known to the Conference the plan which I have taken the liberty to submit to you, I seize the occasion for renewing to you the assurance of my highest regards.

(Signed) MORITZ LEVY.
Director of the National Bank.

EXHIBIT B.

(Presented by Mr. DANA HORTON, page 376.)

HISTORICAL NOTE ON THE CIRCULATION OF THE TWO METALS IN FRANCE, 1726–1785.

In monetary controversy the assertion is often heard, that the "double" standard has always been merely an optional, an alternative, standard, and never really composite or "bimetallic;" that it has never happened that a double standard country long enjoyed the great monetary *desideratum*, a simultaneous circulation of the two metals.

Some researches I have had occasion to make into the monetary history of France have enabled me to show with absolute certainty that this assertion is erroneous.

I cite the following authorities: Charles Alexandre de Colonne, the Finance Minister of Louis XVI., who proposed, and executed, the famous project of the recoinage of the gold coins at 15½, in 1785; and Martin Michel Charles Gaudin, Duke of Gaieta, Finance Minister between 1799 and 1813.

In his "Explanation of the Operation of the Recoinage of the Gold Coins," Colonne says:

"In 1726 the legal ratio was fixed in France at 14 marks 5 ounces of silver to a mark of gold; and that which proves with how much sagacity this point was seized, is the fact, that, during a long course of years, France retained in her circulating medium a sufficiently large proportion of each metal. Nevertheless, her gold gradually became less common, and, for some years this scarcity has rapidly increased; and this precisely because its legal value has always remained the same, while its metallic value has increased from year to year."

Further on he gives 650 millions of *livres* in *louis d'or* as the amount of *louis* in existence in 1785, and 1,300 millions of *livres* as the total amount of *louis* coined at the recoinage of 1726, and in the following period down to 1785.

In his "Second Report to the Consuls on the Coinage" (1803), Gaudin observes that during the long period between 1726 and 1775 no one had observed that the low proportion of 14½ had caused any inconvenience,

but that in 1785 a voice was heard saying that foreigners were carrying off gold from France.

With her traditional hoard of silver, and with the gold circulation thus indicated, it is safe to say that, in the 50 years that followed 1726, France enjoyed a simultaneous and sufficient circulation of both gold and silver.

EXHIBIT C.

(Presented by MR. DANA HORTON p. 376.)

STATEMENT OF THE MONETARY CIRCULATION OF THE UNITED STATES.

I.

Résumé of the operations for resumption of specie payments.

The law of 14th June, 1875, ordained that on and after 1st January, 1879, the Secretary of the Treasury should redeem the Legal Tender Notes (Greenbacks) of the United States, then existing, which should be presented for reimbursement in sums of 50 dollars and over.

These notes did not have forced currency either for the payment of customs duties or of interest on the public debt.

The Treasury Department, on and after 1st January, 1879, accepted the greenbacks in payment of customs duties. The Department paid only gold for the greenbacks which were presented.

It has redeemed the following amounts:

Month.	1879.	1880.
	Dollars.	Dollars.
January	1,571,725	71,500
February	909,249	72,080
March	952,766	43,020
April	699,773	16,000
May	1,339,883	51,000
June	2,503,802	47,200
July	954,800	25,000
August	981,400	22,000
September	603,485	150,000
October	740,295	9,000
November	77,499	....
December	122,359	....

There were in the Treasury, 1st November, 1880:

	Dollars.
Gold Coin	60,210,179 75
Gold Bullion	80,742,657 99
Silver Bullion	6,043,367 37
Silver Dollars	47,084,459 00
Fractional Coin	24,629,489 89
Total Dollars	218,710,154 00

of which $141,597,013.61 were available for the redemption of Greenbacks.

II.

STOCK ON HAND OF THE PRECIOUS METALS.

	Gold Coin.	Silver Coin.		Trade Dollars.	Total.
		Dollars.	Frac'l Coin.		
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
In the Federal Treasury, 1st November, 1880	60,210,179 75	47,084,459 00	24,629,489 89	....	31,924,128 64
In the National Banks, 1st October, 1880	95,675,472 00	(a) 2,500,000 00	2,830,375 00	....	101,005,829 00
In the various State Banks	17,102,180 00	23,263,291 00	44,969,948 00	(c) 7,000,000 00	292,658,507 00
In private hands	(b) 200,323,138 00				
Total Coin	373,310,919 75	72,847,750 00	72,429,794 89	7,000,000 00	525,588,464 64
	Gold.	Silver. (d)			
Silver and Gold Bullion in the Treasury, 1st November, 1880	80,742,657 99	6,043,367 37	....	....	....
Total Bullion	....	....	....	....	86,786,025 36
Total Coin and Bullion (e)	....	....	....	....	612,374,490 00

(a) Approximation.
(b) Estimate of Mr. Burchard, Director of the Mint.
(c) Estimate of Mr. Burchard, Director of the Mint. These pieces still circulate, although they are no longer legal tender; there are banks and individuals who take them at par with the standard dollar or gold, and others who do not accept them, or who take them only for 90 dollars 95 cents, etc.
(d) Gold and silver bullion is valued at the rate of 16 = 1.
(e) I make no estimate of gold and silver bullion in private hands.

III.

STATEMENT OF THE FIDUCIARY CIRCULATION AND OF THE PAPER MONEY IN THE UNITED STATES, ACCORDING TO THE REPORT OF MR. KNOX, COMPTROLLER OF THE CURRENCY.

Denomination.	1880. National Bank Notes.	1880. Legal Tender.	1880. Total.	1879. Total.	1878. Total.
Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
1	2,292,462	21,954,900	24,247,362	22,887,502	24,652,750
2	1,207,260	21,829,318	23,036,578	21,030,863	22,915,066
5	99,910,760	67,132,138	167,042,898	159,522,853	148,116,015
10	113,820,580	75,835,008	189,655,588	181,447,558	168,908,071
20	75,631,560	72,088,277	147,719,837	141,445,933	131,785,709
50	21,418,300	24,359,175	45,777,475	46,177,945	47,658,995
100	26,888,900	33,069,700	59,958,600	58,339,780	58,331,470
500	639,500	16,126,000	16,765,500	23,088,000	31,159,000
1,000	239,000	14,401,500	14,640,500	23,111,500	33,794,500
5,000	....	565,000	565,000	3,250,000	....
10,000	....	320,000	320,000	2,500,000	....
Fractions of notes	15,129	....	15,129	13,586	11,561
Total	342,063,451	347,681,016	689,744,467	682,815,520	667,333,137
To be deducted for Greenbacks destroyed in the Chicago fire	....	1,000,000	1,000,000	1,000,000	1,000,000
Total	342,063,451	346,681,016	688,744,467	681,815,520	666,333,137

Of these amounts there were, on the 1st October, 1880, in the 2,195 National Banks:

	Dollars.
Greenbacks	56,600,000
National Bank Notes	18,200,000
Total	74,800,000

According to the report of Mr. James Gilfillan, Treasurer of the United States, there were, on 30th September, 1880, in the Federal Treasury:

	Dollars.
Greenbacks	27,901,594
National Bank Notes	3,508,529
Total	31,410,123

IV.

STATEMENT OF THE MINTAGE OF COINS IN THE UNITED STATES IN THE YEARS 1877, 1878, 1879, ACCORDING TO THE REPORT OF MR. BURCHARD, DIRECTOR OF THE MINT.

Denominations.	1877.	1878.	1879.
Gold.	Dollars.	Dollars.	Dollars.
Double-eagles	43,529,700 00	45,916,500 00	28,889,260 00
Eagles	211,490 00	1,031,440 00	6,120,320 00
Half-eagles	177,660 00	1,427,470 00	3,727,155 00
Three-dollars	4,464 00	246,970 00	9,090 00
Quarter-eagles	72,630 00	1,160,650 00	331,325 00
Dollars	3,920 00	3,020 00	3,030 00
Total	43,999,864 00	49,786,052 00	39,080,080 00
Silver.			
Trade-dollars (*a*)	13,092,710 00	4,259,900 00	1,541 00
Standard-dollars	....	22,495,550 00	27,560,100 00
Half-dollars	7,540,255 00	726,200 00	2,950 00
Quarter-dollars	6,024,927 50	849,200 00	3,675 00
Twenty-cents	102 00	120 00	....
Dimes	1,785,051 00	187,880 00	1,510 00
Total	28,393,045 50	28,518,850 00	27,569,776 00
Nickel and Copper.			
Five-cents	....	117 50	1,455 00
Three-cents	....	70 50	1,236 00
One-cent	8,525 00	57,998 50	162,312 00
Total	8,525 00	58,186 50	165,008 00
General Total	72,401,434 50	73,363,088 50	66,814,859 00

(*a*) The trade-dollars, 420 grains, 9-10th fine, have no legal-tender power.

V.

MINTAGE OF SILVER COINS SINCE 30TH JUNE, 1871.

Years.	Fractional Coins.	Standard Dollars.	Trade Dollars.	Total.
	Dollars.	Dollars.	Dollars.	Dollars.
30 June, 1872	1,916,873 05	1,112,961	....	3,029,834 05
" 1873	1,968,645 50	977,150	....	2,945,795 50
" 1874	2,394,701 80	....	3,588,900	5,983,601 80
" 1875	4,372,868 00	....	5,697,500	10,070,368 00
" 1876	12,994,452 50	....	6,132,050	19,126,502 50
" 1877	19,387,035 00	....	9,162,900	28,549,935 00
" 1878	8,339,310 50	8,573,500	11,378,010	28,290,825 50
" 1879	382 50	27,227,500	....	27,227,882 50
" 1880	8,687 50	27,933,750	....	27,942,437 50
1 June, 1881	....	(*a*)28,000,000	....	28,000,000 00
Totals	51,382,955 85	93,824,861	35,959,360	181,167,181 85

(*a*) Estimate.

EXHIBIT D.

(Presented by Dr. Broch, page 376.)

NOTE ON THE INDUSTRIAL USE OF THE PRECIOUS METALS IN NORWAY.

In response to the question propounded by the honorable Delegate of Switzerland, Mr. Lardy, in the Session of May 10, 1881: "What is the importance of the industrial use of the precious metals, and, notably of gold?" I have the honor to present to the Conference the following table on the use of gold and silver in manufactures in Norway, with the exception of the consumption in photography. The silver that is used comes in the form of silver ingots; silver utensils melted and worked anew into utensils, or jewels, are not included. The gold comes, almost invariably, in the form of domestic or foreign gold coins. Silver or gold jewels imported from abroad are not included:

Industrial Use of Silver and of Gold.

Years.	Fine Silver.	Fine Gold.
	Kilog.	*Kilog.*
1870	1,400	20
1871	1,340	18
1872	1,580	21
1873	1,940	20
1874	1,440	28
1875	2,200	29
1876	1,700	24
1877	1,680	22
1878	1,400	21
1879	1,480	19
1880	1,470	20
Yearly average	1,694	22

EXHIBIT E.

(Presented by DR. BROCH, page 376.)

STATEMENT OF THE MONETARY SITUATION OF THE KINGDOM OF NORWAY BEFORE AND AFTER THE TRANSITION FROM THE SILVER TO THE GOLD STANDARD, BY DR. O. J. BROCH.

The former monetary system of Norway was constituted under the law of June 14, 1816. This system was based upon the single standard of silver. The unit was the speciesdaler, of which 37 were coined at 0.875 fine out of four Cologne marks of pure silver. The weight of the mark of Cologne was fixed in Norway by the law of the 28th of July, 1824, relating to weights and measures, at the proportion of one pound equal to two marks of Cologne, which contained 123,144.5 gran in Norwegian commercial weights, which gives for the Cologne mark a weight of grammes, 233.99335. In Denmark and in Hamburg, the mark of Cologne was worth a little less, viz: grammes, 233.85489; in Prussia, it was worth grammes, 233.8555. The ancient ounce of Charlemagne was equal to 1-400th of the pile of Charlemagne, or grammes, 30.594, and the mark of eight ounces was, therefore, originally equal to grammes, 244.752.

The Norwegian speciesdaler was therefore, of grammes, 28.9104 in weight at 0.875 fine, and contained grammes, 25.2966 of pure silver. Compared with the five-franc silver piece, the speciesdaler was worth 5 fr. 62 centimes.

Coins were struck of the same fineness, in subdivisions of one-half, one-fifth, one-tenth, and one-fifteenth of the speciesdaler, and were current as full legal tender; the speciesdaler was divided into 120 skillings.

In Sweden and in Denmark, coins were struck resembling the Norwegian speciesdaler and of the same standard of fineness, but the weight, and, consequently, the amount of pure silver contained in them, differed a little.

The Swedish speciesdaler contained..........	grammes, 25.5045	of pure silver.
The Danish speciesdaler contained............	grammes, 25.2816	" "
The Norwegian speciesdaler contained......	grammes, 25.2966	" "

The Danish speciesdaler coincided with the Hamburg-banco reichsthaler, or three marks Hamburg-banco, an uncoined money of account; thus, 59¼ marks banco represented 500 grammes of pure silver

In Sweden, the monetary unit was the riksdaler, equal to one-fourth of the Swedish speciesdaler, which was divided into 100 öre. In Denmark, the monetary unit was the rigsdaler, equal to one-half of the Danish speciesdaler, which was divided into six marks, and the mark into 16 skillings, and so the rigsdaler into 96 Danish skillings.

Of current coins having full legal tender, there had been struck in Norway, under the law of 1816, up to the close of the year 1873, a total of 3,934,355 speciesdaler, 16 skillings, as follows:

Of speciesdalers	2,518,155 spd.
Of one-half do	436,462 " 60 sk.
Of one-fifth do	462,102 " 96 "
Of one-tenth do	462,860 " 60 "
Of one fifteenth do	54,774 " 40 "
Total	3,934,355 spd. 16 sk.

The coinage had almost exclusively been done for account of the Bank of Norway. The seigniorage, paid at the mint at Konigsberg for mint charges, was 2 per cent. on the 1 sk. and half-speciesdaler pieces, and 2½ per cent. on the divisional coins of one-fifth, one-tenth, and one-fifteenth speciesdaler.

A part of the speciesdalers had been, from time to time, exported to Hamburg and turned into silver bars at the bank of that city.

Swedish and Danish current coins circulated side by side and at par with those of Norway.

The actual currency, outside of the reserves of the National Bank, was almost exclusively paper, with bank notes of 5, 10, 50, and 100 speciesdalers, redeemable on demand. The current coins of one-half, one-fifth, one-tenth, and one-fifteenth speciesdaler were the only ones that actually circulated. Pieces of one-half speciesdaler were even rare. In small dealings it was common to reckon in one-fifth of the speciesdaler, called "ort," which thus became, so to speak, the people's unit.

In Sweden and Denmark, the active circulation was, likewise, preferably of paper money. The smallest denomination of bank notes was, at that time in Sweden, the note of one riksdaler, and, in Denmark, the note of five rigsdalers.

The metallic reserve of the Bank of Norway was largely composed of Danish speciesdalers and silver in bars. The bank is allowed to place as much as one-third of its specie reserve in the hands of its foreign correspondents. That institution buys bills upon foreign countries, and forwards them immediately to its correspondents to collect and hold the proceeds; the bank then sells bills at short date, drawn upon its correspondents, and thus, by these operations, maintains near par, or within very narrow limits, the rates of exchange on the principal places with which Norway has commercial relations. When the payment of the trade balance of the country necessitated exports of silver, the bank frequently itself shipped the metal to its correspondents, upon whom it afterwards drew and sold bills.

The note circulation of the Bank of Norway, the sole bank of issue, amounted at the close of the year 1873 to 11,794,633 speciesdalers. At the same period, the monetary circulation outside the bank in current silver, together with the silver and copper token coins, may be estimated at 1,000,000 of speciesdalers, including the Swedish and Danish coins which circulated in Norway.

The total circulation, therefore, not counting the reserves of the bank, was 12,800,000 speciesdalers. The population of Norway at that date was estimated at 1,780,000 inhabitants, which gives a note and coin circulation of 7.2 speciesdalers, or 40 francs and 40 centimes per inhabitant.

The metallic reserve of the Bank of Norway was, at the same period, 8,593,-435 speciesdalers, including the portion thereof put out in foreign countries.

The transition from the silver standard to that of gold took place in Norway, on the 1st of January, 1874, by virtue of a law of the 4th of June, 1873.

The Bank of Norway had already been authorized to change a part of its reserve into gold by a law of the 17th of June, 1869, passed in consequence of the

International Monetary Conference at Paris, in 1867. The management of the bank took advantage of this privilege to sell silver from time to time, and to buy gold. The transformation was chiefly accomplished by sending silver coin to Hamburgh, where it was changed into "Hamburger banco-marks" at the rate of 118⅔ marks for the kilogram of pure silver. By the German monetary reform, the Hamburg mark-banco was subsequently changed to gold at the rate of 2 mark-banco=3 reichsmarks, therefore, at the ratio of 15.674. The metal reserve of the bank, including the capital left with correspondents at Copenhagen, Hamburg, and London, was, towards the close of the years:

	1871.	1872.	1873.
	Speciesdalers.	Speciesdalers.	Speciesdalers.
Silver	6,483,136	6,839,308	1,535,448
Gold	105,827	722,002	7,057,987
Total Reserve	6,588,963	7,561,310	8,593,435

The transition to the gold standard took place simultaneously in the three Scandinavian kingdoms. It was admitted without discussion, and without being referred to in the Scandinavian Monetary Treaty of 18th December 1872, as resting in right, and as being an unquestionable international obligation that each State was responsible for the coins struck at its mints and bearing its arms, and that in case of demonetization and transition from the silver standard to that of gold, such State should retire its current coins as well as its fractional currency of silver, alloy, or copper, and exchange them for gold. Thus, as early as the autumn of 1873, the Government of Denmark received from the Bank of Norway, 2,000,000 speciesdalers in Danish silver, and paid for them in gold.

Under the law of June 4, 1873, the old silver coins have, from and after the 1st of January, 1874, been reduced to the condition of subsidiary currency with legal tender power limited to 5 speciesdalers or 20 crowns. The Government is, however, not only obliged to receive them for all payments without limit as to amount, but also to exchange them for gold coins.

The demonetization of the old silver and copper money, and the manufacture of fractional coinage suitable to the new system of crowns, was carried out under a law of the 17th of April, 1875.

The speciesdaler was transformed into four kroner or crowns of the new monetary system. Gold pieces of 10 and 20 crowns were struck in pursuance of the laws of June 4, 1873, and April 17, 1875, at a standard of 9-10ths fine; 248 pieces of 10 crowns and 124 pieces of 20 crowns are coined from a kilogramme of fine gold. Of these gold pieces, eight are, therefore, exactly equivalent to nine German gold coins of like denomination in marks.

A Scandinavian crown is, therefore, worth exactly 1 and 1-8th German marks.

Compared with French gold coins, the Scandinavian crown is equal to $\frac{100}{72}$ francs. Therefore, in gold:

100 francs=81 German marks=72 Scandinavian marks.

The conversion of silver into gold was accomplished at the following ratios:

In Norway..25.2966×5×0.124=15.684
In Denmark..25.2816×5×0.124=15.675
In Sweden..25,5045×5×0.124=15.818

The difference between the old silver coins of the three Scandinavian Kingdoms disappeared through their conversion into gold, according to these different ratios.

In the month of December, 1872, the date of the simultaneous resolution of the three Kingdoms to make the transition from the silver to the gold standard, the ratio in the London market was 15.79.

In Norway there were successfully withdrawn from circulation the following amounts in old coins:—

Denominations.	Amounts. Spd. sk.		Crowns øre.
One speciesdaler	765.986 00	converted into	3,163,944 00
One-half "	109,543 00	"	438,172 00
One-fifth "	322,422 24	"	1,289,688 80
One-tenth "	327,900 60	"	1,311,602 00
One-fifteenth "	17,469 00	"	69,876 01
Total in current full-weight coins	1,543,320 84	converted into	6,173,282 80
Ditto, Silver token coins	148,075 76	"	592,302 54
Ditto, Copper coins	47,129 44	"	188,517 47
otal Old Coins	1,738,525 84	changes into	6,954,102 81

Of silver current coins there were melted into bars and sold at London to the following amounts:—

	Crowns øre.	
In 1874	2,636,000 00	at the rate of 59d. to 59¼d. per standard ounce.
In 1879	1,000,000 00	" 52d "
In 1880	400,000 00	" 52¼d "
Sum Total	4,036,000 00	or 1,009,000 silver speciesdalers sold in bars.
		There has further been melted down and sold the sum of—
	65,583 80	in old copper coins.
		Lastly, there have been used in the manufacture of the new subsidiary coins of base silver and bronze:—
	2,413,045 34	in old silver coins.
	38,983 67	in old copper coins.
Amount realized	6,553,562 81	
	316,540 00	in old coins of base silver "tokens," still remain to be disposed of: and
	84,000 00	in old copper coins.
Total	6,954,102 81	

The loss in weight of the current coins caused by wear in the circulation was found to be, on an average:—

For the one speciesdaler pieces.................... 0.188 per cent.
" half speciesdaler pieces.................... 0.416 "
" one-fifth speciesdaler pieces............... 1.749 "
" one-tenth speciesdaler pieces............ 2.279 "

On the other hand, the standard of fineness was found, on an average a little higher than was requisite under the former legislation.

The sale of the 4,036,000 crowns in old current coins (including commissions, transport charges, etc.), resulted in a loss of	319,179 05
The sale of the copper produced by the 65,533 crowns 80 öre in old copper coins occasioned a loss of	41,677 72
The sum of 2,413,045 crowns 34 öre in old silver coins, and 38,983 crowns 67 öre in old copper coins, paid in to be exchanged at the mint, and to be used in the manufacture of the new subsidiary (fractional) coins, estimated upon the basis of the price of silver in London, and of copper in general trade at the date of such different payments, produced a loss of	322,664 48
The general expenses of collecting the old coins and transporting the same were	3,376 72
Hence, the total loss realized in the conversion of the 6,553,562 crowns, 81 öre of old coins, has been estimated at	686,897 97
Per contra, the profit on the manufacture during the years 1874–1879 of 5,040,000 crowns in new "token" coins of silver and copper under this same monetary reform, has been estimated, upon the same basis, at	774,172 84
Hence, Balance of profit	87,274 87

The 400,540 crowns in old silver and copper "token" coins which still remain in the Treasury of the State, can be used in the manufacture of the "token" coinage under the new monetary system, by reason of which they can only be the cause of a loss or a profit insignificant in either case.

The 1,009,000 speciesdalers, or 4,036,000 crowns, melted down into bars, contained 25,000 kilogrammes of refined silver, which the Norwegian monetary reform threw upon the London market during the years 1874–1879.

The old current silver coins contained 25 g. 2,966 of pure silver per speciesdaler, or 6 g. 32,415 of pure silver per crown, whereas, the new fractional (subsidiary) coins contain only six grammes of pure silver to the crown.

The conversion at the mint of the old silver coins into the new fractional currency, therefore, produced, by this fact alone, a profit of 5¼ per cent.

The retirement of the former coins was effected at the ratio of 15,684 of silver to gold, while the new fractional "token" coins of silver are struck at the ratio of 14,880.

The largest amount of bank note circulation was toward the close of the month of June, 1874, when it reached the figure of 50,111,925 crowns.

In Norway, up to the end of 1880, there had been coined in gold,

12,686,480 crowns in pieces of 20 crowns.
441,130 crowns in pieces of 10 crowns.

Total.........13,127,610 in gold coins, equal to 18,232,792 francs.

The metal used in the coinage was exclusively gold bullion purchased in London. No gold coin was presented for exchange at the mint.

The paper circulation of the Bank of Norway was, toward the close of the year 1880, 38,713,675 crowns, in notes of 5, 10, 50, 100, 500, and 1,000 crowns. Its metallic reserve in gold coin and bullion was, at the same period, 33,721,357

crowns, of which 10,330,572 crowns were with foreign correspondents of the bank. The general monetary circulation, besides that of the bank, may at the same date, be estimated at seven millions of crowns, of which the larger part in fractional crowns. The total, outside of the bank, was, therefore, 45,700,000 crowns. The population of the kingdom of Norway, at this time, was estimated at 1,890,000 inhabitants. The note and coin circulation was, therefore, 24 crowns 18 öre, or 33 francs 58 centimes per inhabitant.

EXHIBIT F.

(Presented by Mr. CERNUSCHI, page 376.)

FRANCE.—TABLE SHOWING THE COINAGE OF SILVER (FIVE-FRANC PIECES) EXECUTED FOR THE ACCOUNT OF THE TREASURY* SINCE 1st JANUARY, 1874.

Date of Purchases of Silver.	Cost Price.	Weight at Different Standards.	Amounts Disbursed in the Purchase of Silver at $\frac{1000}{1000}$ Fine.		Amounts Produced by the Coinage.		Difference Constituting Profit.	
1875:	†	Kil.	Fr.	c.	Fr.	c.	Fr.	c.
25 June......	58⅞ mille less.	....	2,003,739	30	2,143,270	24	139,530	94
29 "	62 "	....	1,002,864	35	1,077,271	93	74,407	58
5 July	62 "	....	513,806	95	551,926	53	38,119	58
6 "	62 "	....	3,063,357	50	3,290,621	09	227,263	59
31 August...	50 "	....	1,984,890	65	2,105,224	14	120,333	49
2 Sept......	50 "	....	1,998,578	00	2,119,783	75	121,160	75
6 "	50 "	....	1,301,444	10	1,380,338	87	78,894	77
6 "	50⅛ "	....	1,012,207	05	1,074,135	39	61,928	34
17 "	50 "	....	1,229,161	45	1,303,691	54	74,530	09
24 "	50⅛ "	....	1,183,729	44	1,208,103	12	69,373	68
2 October...	50 "	....	988,433	70	1,048,359	03	59,925	33
4 " ...	50⅛ "	....	494,241	80	524,481	81	30,240	01
5 " ...	50⅛ "	....	1,293,823	54	1,372,977	07	79,153	53
6 " ...	51 "	....	500,259	70	531,158	09	30,898	39
20 " ...	45 "	....	471,391	80	497,354	65	25,962	85
21 " ...	42⅛ "	....	2,026,462	85	2,132,468	90	106,006	05
22 " ...	45 "	....	310,424	80	327,521	98	17,097	68
25 " ...	45 "	....	527,632	90	556,688	71	29,055	81
26 " ...	45 "	....	507,724	95	535,684	20	27,959	25
27 " ...	45 "	....	191,386	19	201,924	88	10,538	69
3 November	45 "	....	1,204,629	00	1,270,977	14	66,348	14
4 "	45 "	....	1,515,186	85	1,598,620	50	83,433	65
10 "	45⅛ "	....	189,878	60	200,439	15	10,560	55
17 "	47 "	....	1,086,350	60	1,148,576	46	62,225	86
17 "	47⅛ "	....	516,963	25	546,862	01	29,898	76
24 "	51 "	....	503,645	40	534,740	16	31,094	76
30 "	52⅛ "	....	524,886	25	558,173	01	33,286	76
30 "	53 "	....	502,298	55	534,435	85	32,137	30
1 December	53 "	....	821,561	50	874,125	23	52,563	73
2 "	53 "	....	998,459	10	1,962,340	45	63,881	35
2 "	54 "	....	586,061	88	624,216	45	38,154	57
8 "	54 "	....	2,554,067	55	2,720,348	03	166,280	48
9 "	54 "	....	1,090,853	15	1,161,874	77	71,021	62
9 "	55 "	....	1,005,266	60	1,071,846	84	66,580	24
14 "	56 "	....	1,099,267	17	1,173,316	03	74,048	86
14 "	56⅛ "	....	565,005	60	603,384	94	38,379	34
16 "	56⅛ "	....	941,571	15	1,005,529	71	63,958	56
28 "	60 "	....	260,480	90	279,205	20	18,724	30
Total...	....	187,614 60	38,521,988	62	40,946,947	85	2,424,959	23

*There was no coinage for the account of the treasury from the 1st of January, 1874, to the 25th of June, 1875; nor has there been any since the 28th of December of the latter year. No fractional coins were struck in 1874, or have been since.

†Viz., the *per mille* at which the silver was purchased *below* the old established and merely nominal rate of 218*fr.* 89*c.* per kilogram, $\frac{1000}{1000}$ fine, which, by custom in Paris, is taken as the basis.—*Translator's note.*

EXHIBIT G.

(Presented by Mr. PIRMEZ, p. 377.)

KINGDOM OF BELGIUM.

REPLIES OF THE BELGIUM GOVERNMENT TO QUESTIONS PROPOUNDED BY THE CONFERENCE CONCERNING SILVER COINAGE.

1.—*Q.* Be pleased to make known the quantities of silver converted either into coin having unlimited legal tender faculty, or into coin with limited legal tender faculty, or into coin with limited legal tender power, or into coin passing current outside of the State coining it?

A. See Document A., annexed.

2.—*Q.* How much did the metal used in the manufacture of these different coins cost each State?

A. As appears by the Table hereto annexed (Document B.), the refined silver purchased by the Belgian Government for the manufacture of its five-franc pieces and fractional coins, beginning with the 1st of January, 1874, cost, when delivered into the vaults of the mint, viz., including all charges for carriage, insurance, brokerage, etc., as follows:

		d.			
In February,	1874	$59\frac{62}{100}$	per	ounce	of $\frac{37}{40}$.
In July	"	$59\frac{38}{100}$	"	"	"
In September	"	$58\frac{46}{100}$	"	"	"
In August,	1875	$56\frac{96}{100}$	"	"	"
In February,	1876	$54\frac{37}{100}$	"	"	"
In June,	1880	$52\frac{88}{100}$	"	"	"

To arrive at these rates, the exchange has, in every case, been calculated at par, viz., 25 fr. 2,213 to the pound sterling.

3.—*Q.* How much more would it have been necessary to expend in the purchase of the silver which has been coined, if bimetallism at 15½ had been in force, that is to say, if silver had not ceased to be worth $60\frac{13}{16}$ the English ounce at $\frac{37}{40}$ fine?

A. The metal purchased in London was, in most cases, stipulated deliverable free of charge in Brussels, and payable in francs.

In estimating the cost of carriage to Brussels, and the loss on exchange at 0.57-16*d.* per ounce, the result is seen that it would have been necessary to pay an increase to the extent mentioned below:

Years.	Value per Ounce.	Charges.	Total.	Cost per Ounce.	Increase.
		d.	*d.*	*d.*	*d.*
February, 1874	*d.*	0.5716	61.38	59.62	1.76
July, 1874	60 13-16	0.5716	61.38	59.33	2.05
September, 1874	60 13-16	0.5716	61.38	58.46	2.92
August, 1875	60 13-16	0.5716	61.38	56.96	4.42
February, 1876	60 13-16	0.5716	61.38	54.37	7.01
June, 1880	60 13-16	0.5716	61.38	52.88	8.50
	60 13-16				

4.—*Q.* What is the total amount of the profit realized by the State in purchasing silver at prices below that of 60 $\frac{13}{16}$*d.*?

A. The profit of the State is as follows:

	Fr.	*c.*
On the coinage at $\frac{900}{1000}$	1,365,138	85
On the coinage at $\frac{835}{1000}$	193,640	50

5.—*Q.* Be pleased to make known the total of the amounts coined for account of private individuals, and on which the Government has made no profit; and set forth the price at which silver was selling in London at the time when such private individuals presented their bullion for coinage?

A. See Document C.

6.—*Q.* Indicate, if possible, the origin of the bullion according to any marks which may have been upon it?

A. Information is entirely wanting to answer this question.

When bullion is turned in, the numbers, weights, and marks of fineness are removed; no record is kept of marks which might indicate where the metal came from.

7.—*Q.* State if old demonetized national coins have been recoined, and in what amounts?

A. Since the date impliedly referred to in the interrogatory (1st January, 1874) there has been no recoinage of old national demonetized coins.

8.—*Q.* Show whether banks of issue have presented silver for coinage, and of what extent, and if the profit resulting from the difference between the nominal value of the coin and the price of the unwrought metal has accrued to the banks themselves, or to the State?

A. The National Bank presented in 1875, for coinage, 23,512 kilograms of refined silver.

The profit realized therefrom by the institution itself amounted to 200,632 francs 18c.

Document A.

KINGDOM OF BELGIUM.

OFFICE OF THE MINT.

YEARS.	Amounts of Silver Converted into Coin.					
	Having Full Legal Tender Power.		Having Limited Legal Tender Power.		Current in Foreign States.	
	Weight of Fine Silver.	Coins Manufactured.		Coins. Manufactured.	Weight of Fine Silver.	Coins Manufactured.
	Kil. gr. mil.				Kil. gr. mil.	
1874	53,997 097 490	5 franc Belgian.			22,382 689 728	Coins of Roumania, at 0,835.
1874	31,497 349 449	5 franc Swiss.			25,821 681 724	" " "
1875	67,070 907 365	5 franc Belgian.			10,811 536 280	" " "
1876	48,596 721 556	5 franc Belgian.				
1877						
1878						
1879					10,641 088 669	Coins of Venezuela, at 0,900 and 0,835.
1880				Coins of Belgium, at 0,835.		
Total	201,162 075 860		3,261 457 855		69,856 846 346	

RECAPITULATION.

Amounts of Silver Converted into Coin.	Weight of Fine Silver.
	Kil. gr. mil.
Having full Legal Tender Power	201 162 075 860
Having limited Legal Tender Power	3,261 457 855
Current in Foreign States.	69,856 846 346
Total Weight of Fine Silver Converted into Coin	274,280 380 061

Document B.

TABLE SHOWING THE AMOUNT, THE PRICE, AND THE PRODUCT OF THE COINAGE OF SILVER BULLION PURCHASED FOR ACCOUNT OF THE BELGIAN GOVERNMENT.

CONTINGENT OF 1874.

DATES.	Amounts in Kilograms.	COST. Per Kilogram fine.	COST. Per Ounce Standard, at 37,540.	Total of Invoices.	a. Product of the Coinage. b. Product of the Premium of 1 per cent.	Gross Profit.	a. Cost of Refining. b. Commissions.	Net Profit.
	Kilog. gr.	Fr. c.	Pence.	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.
1 February, 1874	27,687 015,038	217 82	59 62	6,030,705 09	a. 6,106,509 60 b. 6,106 50	81,911 01	....	81,911 01

CONTINGENT OF 1875.

DATES.	Amounts in Kilograms.	COST. Per Kilogram fine.	COST. Per Ounce Standard, at 37,540.	Total of Invoices.	a. Product of the Coinage. b. Product of the Premium of 1 per cent.	Gross Profit.	a. Cost of Refining. b. Commissions.	Net Profit.
13 July, 1874	14,283 469,000	216 73	59 33	3,095,756 60	a. 3,149,405 10	53,648 50	....	53.648 50
20 July, 1874	14,225 463,000	216 69	59 32	3,082,578 37	a. 3,137,047 85 b. 5,287 78	54,469 48 6,287 78	.... a. 883 30	54,469 48 5,404 48
September, 1874	6,780 790,000	213 53	58 46	1,447,900 28	a. 1,495,426 11	47,525 83	....	47,525 83
August, 1875	8,268 959,000	208 09	56 96	1,720,715 76	a. 1,823,765 70 b. 1,823 95	103,049 94 1,823 95	....	104,873 89
Total	43,558 681,000	....	....	9,346,951 01	9,618,756 49	266,805 48	883 30	265,922 18

CONTINGENT OF 1876.

February, 1876	48,597 660,086	198 00	54 37	9,651,573 13	a. 19,718,461 80 b. 19,718 46	1,066,888 17 10,718 41	b. 60,300 [illegible]	1,017,305 64
Grand Total.	119,843 376,134	......	. .	25,029,229 23	28,455,553 85	1,426,[illegible]12	61,184 27	1,365,138 86

CONTINGENT OF 1873.

FRACTIONAL COINS.

June, 1880.	4,175 000,000	193 14	52 83	806,830 50	a. 1,000,000 00	198,640 50	....	198,640 50

Document C.

KINGDOM OF BELGIUM.

OFFICE OF THE MINT.

Amounts Coined for Account of Private Individuals, without Profit to the Government.				Silver in London same Dates.
Fr. c. 5,840,467 80				ut 58 pence.

* The law of 18th December, 1873, having authorized the Government to suspend or limit the coinage of silver, a royal decree closed the office of the Mint against silver bullion coming to be coined from and after the 20th of the same month.

EXHIBIT H.

(Presented by COUNT VON KUEFSTEIN, page 377.)

AUSTRIA—HUNGARY.

REPLIES OF THE AUSTRO-HUNGARIAN GOVERNMENT TO QUESTIONS OF MR. CERNUSCHI, DR. BROCH, AND DR. LARDY.

AUSTRIA.—TO QUESTIONS OF MR. CERNUSCHI AND DR. BROCH.

Table A gives a statement of the quantities of refined silver converted by the mint in Vienna, from 1st January, 1874, to 1st January, 1881, into current coins, fractional coins, and trade coins; while Table B shows the sources whence the silver was derived.

Besides this, the Imperial and Royal Mint in Vienna coined, in 1875, for the Servian Government, 25,050 kilograms of fine silver, and 15,355 kilograms in 1880, using for the purpose bullion from Hamburg and Paris.

The mint purchased the refined metal in all cases at 90 florins the kilogram, deducting the mint charge.

This price corresponds to the value of 60$\frac{13}{16}$ pence per English ounce. No profit, therefore, resulted from these purchases, none of which were made at prices below the ratio of 15½.

As regards the profit made by private individuals offering bullion for coinage, the situation in Austria was more complicated than elsewhere by reason of the simultaneous existence of the *agio* (premium) on gold and on silver.

From the middle of the year 1878, however, the premium on silver diminished more and more, and finally disappeared entirely. The exchange on London and the price of silver in that place having brought that metal below the legal par, it was found profitable to import silver bars to be coined.

Hence the Government was compelled to suspend the coinage for the account of private individuals, and has not been able to resume it since.

The value attained in 1878 and 1879 by the imports of silver bullion is clearly shown by the figures for those years in Tables A and B.

The profits realized as a result of these speculations, after calculating the expenses (such as transport charges, seigniorage dues, and loss of interest), may be estimated at from ½ to 2½ per cent. at most.

The State, for its part, purchased and coined but very small quantities of silver bullion.

The National Bank, from 1874 to 1880, presented in all 5,005$\frac{643}{1000}$ kilograms of fine silver to be turned into "trade coins" (Levantine thalers), on commission for the Egyptian Government.

The coinage of the thalers of the Austro-German Union, begun under the

Monetary Treaty of 1857, ceased entirely in November, 1867, after the dissolution of that Union.

Tables C, D, and E show, beginning with the year 1872, the number of gold and silver coins, both national and foreign, which have been recoined at the Vienna Mint.

These tables also contain the answer to the question put by Dr. Broch.

TABLE A.

STATEMENT OF THE QUANTITIES OF SILVER CONVERTED BY THE MINT IN VIENNA, SINCE THE FIRST OF JANUARY, 1874, INTO CURRENT COINS, FRACTIONAL COINS, AND TRADE COINS.

KILOS OF FINE SILVER.

YEARS.	Current Coins.			Fractional Coins.	Trade Coins.
	2 Florins.*	1 Florin.	¼ Florin.	10 Kreuzers.	Levantine Thalers.
	Kilos.	*Kilos.*	*Kilos.*	*Kilos.*	*Kilos.*
1874	1,756 800	27,544 500			57,977 9093
1875	2,354 400	56,147 634	55 577		77,461 3240
1876	2,041 200	80,919 000			118,217 .5872
1877	2,334 600	155,147 400			2,212 1050
1878	3,272 400	210,700 800			42,827 9180
1879	12,245 400	416,503 800			25,994 0450
1880	1,837 800	72,273 600		9,936 585	1,563 9580
Total	25,842 600	1,019,236 734	55 577	9,936 585+	326,254 8465

* This class includes the 11.152 *k.* used for the pieces coined in 1879, in remembrance of the silver wedding of their Majesties.

+ This figure corresponds to an equal amount in pieces of 20 kreuzers withdrawn from circulation.

RECAPITULATION.

		Kilos.
Current Coins	Of 2 florins	25,842 600
	Of 1 florin	1,019,236 734
	Of ¼ florin	55 577
		1,045,134 9110
Fractional Coins of 10 kreuzers		9,936 5850
Trade Coins = thalers of Marie Theresa		326,254 8465
Total		1,381,326 3425

TABLE B.

ORIGIN OF THE BULLION ACCORDING TO THE STAMPS.

KILOS OF FINE SILVER.

Years.	England.	France.	Germany.			National Product.	Demonetized Coins.
	London.	Paris.	Hamburg.	Berlin.	Frankfort-on-the-Main.		
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.
1874	2,244 772	....	25,029 813	46 071	74 994	20,506 116	39,375 9433
1875	23,039 555	....	41,007 051	....	....	25,021 886	46,896 4430
1876	74,934 233	....	43,264 235	15,536 957	....	22,185 830	45,256 5322
1877	13,194 419	....	....	67,588 976	....	27,943 214	50,967 4960
1878	114,626 568	11,179 101	25,049 169	25,782 936	14,075 712	27,700 808	38,386 8240
1879	189,484 748	17,468 862	125,273 254	16,652 627	21,842 904	30,209 443	53,811 4070
1880	....	....	....	....	....	31,183 266	54,428 6770
Total	417,578 295	28,647 963	259,623 022	125,607 567	35,993 610	184,752 563	329,123 8225

RECAPITULATION.

	Kilos.
Silver imported in fine bars	417,578 295
	28,647 963
	259,628 022
	125,607 567
	35,998 610
	867,450 4570
Home production	184,752 5630
Demonetized coins	329,128 8225
Total kilos of fine silver	1,381,826 8425

TABLE C.

STATEMENT OF NATIONAL COINS DELIVERED FOR EXCHANGE AT THE MINT IN VIENNA, FROM 1872 TO 1880, INCLUSIVE.

NUMBER OF PIECES.

YEARS.	Species-Thalers.	Half Species-Thalers or Florins.	Zwanzigers (Pieces of Twenty Kreuzers since the Year 1753).	Twenty Kreuzers of 1852.	Zehners (Pieces of Ten Kreuzers since 1753.	Ten Kreuzers of 1852.	Coins of the Convention.		Fractional Coins.		
							Five Kreuzers.	Three Kreuzers.	Six Kreuzers of 1848 and 1849.	Ten Kreuzers of 1857.	Five Kreuzers of 1857.
1872	64,250	15,605	5,412,131	38,778	29,675	70,882	31,417	100,393	504,180	453,000	144,000
1873	65,250	11,763	2,151,978	41,261	35,125	178,320	28,354	90,063	351,608	180,000	82,000
1874	57,000	43,117	2,572,185	41,193	43,959	167,129	38,264	114,991	2,696,393	127,000	64,000
1875	77,000	16,388	1,957,717	34,729	32,981	135,800	940,917	295,791	628,746	85,000	64,000
1876	67,050	11,141	2,537,087	45,209	38,173	152,828	817,558	235,101	393,718	47,000	32,000
1877	186,904	20,829	1,613,000	53,707	32,903	105,973	67,043	130,841	47,650	70,000	32,000
1878	52,555	15,832	3,674,806	38,815	26,623	92,127	41,567	86,835	356,682	52,000	56,000
1879	365,240	24,882	2,372,725	52,239	64,147	120,256	38,838	86,578	84,691	51,000	36,000
1880	96,103	41,406	4,761,552	94,301	16,007	166,686	46,688	105,842	308,510	19,000	46,000
Total	1,031,352	200,960	27,053,176	440,232	319,593	1,190,001	1,550,646	1,246,435	5,325,088	1,084,000	656,000

TABLE D.

STATEMENT OF FOREIGN SILVER COINS DELIVERED FOR EXCHANGE AT THE MINT IN VIENNA, FROM 1872 TO 1880, INCLUSIVE.

NUMBER OF PIECES.

YEARS.	Kronenthalers of Brabant.	Half Kronenthalers.	Quarter Kronenthalers.	Bavarian Pieces of Two Florins.	French Pieces of Five Francs.	Mexican Pesos.	Various Coins taken at their Value in Fine Silver.*	
							Fl.	*Kr.*
1872.........	10,226	4,089	1,586	....	25,232	....	174,420	80
1873.........	10,677	5,634	8,973	....	6,161	....	1,955,289	84
1874.........	19,164	4,313	8,380	....	....	....	1,044,227	86
1875.........	56,563	9,665	6,944	....	....	....	791,495	12
1876.........	74,143	10,678	4,327	1,369	....	19,647	2,181,164	66
1877.........	81,022	12,663	10,119	38,096	....	44,145	2,196,284	46
1878.........	51,860	7,111	4,242	39,178	....	182,213	1,809,771	49
1879.........	116,859	15,829	5,882	34,910	....	245,000	872,119	85
1880.........	61,908	15,223	15,228	8,064	....	43,150	2,005,995	07
Total......	482,417	85,205	54,681	121,617	31,393	534,155	18,030,769	15

* Chiefly "beschliks" and "paras" from Bosnia.

TABLE E.

STATEMENT OF GOLD COINS DELIVERED FOR EXCHANGE AT THE MINT IN VIENNA, FROM 1872 TO 1880, INCLUSIVE.

NUMBER OF PIECES.

YEARS......	Ducats (Imperial Austrian)	20-Fr'k Pieces (French, Belgian, Italian, and other)....	20-Mark Pieces of the German Empire......	Half Imperials (Russian)....	Double Sovereigns (Lombard Venetian).......	Sovereigns (English)....	Eagles (10 dollars of the United States)	Various Coins taken at their resulting value in Fine Silver*....	
								Fl.	Kr.
1872....	39,924	175,515	448.5	70,073	405	1,358	....	274,808	87
1873....	61,560	140,192	480	8,420	129	854	....	440,200	25
1874....	85,217	78.452	52,671	23,580	1,311	2,313	....	154,775	78
1875....	169,098	2,320	459.5	3,580	4.110	2,570	1,100	176,811	12
1876....	142,442	147,942	138,723	15,000	17,054	2,787	1,956	333,609	58
1877....	91,093	36,964	147,666	65,448	4,904	8,568	1,887	550,167	48
1878....	70,055	1,068	9,463	61,446	4.415	4,654	1,725	664,698	93
1879 ...	109,475	2.870	2,495	68,810	8,055	737	1,176	168,967	61
1880 ...	171,247	23,122	4,848	23,285	2,721	1,089	1,189	158,136	36
Total ..	940,111	608,445	357,254	339,642	43,104	24,930	9,033	2,922,165	98

* Chiefly "Imperials," Dutch ducats, and pieces of 100 and 50 piastres.

TO QUESTIONS OF MR. LARDY.

A.—The Use of the Precious Metals in the Industrial Arts.

The table hereto annexed gives the weight and the value of the precious metals employed in Austria from 1867 to 1880, inclusive, for the manufacture of different articles in gold and silver, and of gold and silver thread. This table is based upon official figures from the Stamp Office, whose mark guarantees the fineness of the gold and silver used in such articles.

It is necessary to add that, in addition, a considerable quantity of precious metal enters into the manufacture of various objects, in compositions lower in standard than $\frac{250}{1000}$ fine. Such compositions are considered, under the law, as imitations, and are not required to be stamped. Their importance, as affecting this question, can not, therefore, be ascertained.

Much fine gold and silver is also used in gilding, silvering, enameling, plating of mirrors, etc. But it has not been possible to obtain any information approaching to accuracy upon the quantities of these metals so used, and especially as the persons in those trades make use chiefly of coins, ducats or silver florins.

TABLE OF PRECIOUS METALS USED IN AUSTRIA, FROM 1867 TO 1880, INCLUSIVE, IN THE MAKING OF VARIOUS ARTICLES OF GOLD AND SILVER, AND THE MANUFACTURE OF GOLD AND SILVER THREAD.

Description.	Total Amount of Precious Metals, from 1867 to 1880.		Yearly Average.	
	Kilograms of Fine Metal.	Value in Florins.	Kilograms of Fine Metal.	Value in Florins.
GOLD:				
Various articles	19,540 078	27,258,409 00	1,395 719	1,947,029 00
Thread	829 977	1,157,817 00	59 284	82,701 00
Total	20,370 055	28,416,226 00	1,455 004	2,029,730 00
SILVER:				
Various articles	290,712 757	26,164,148 00	20,765 196	1,868,867 64
Gilt thread	50,220 488	4,519,843 92	3,587 177	322,845 99
Silver thread	13,904 535	1,251,408 15	993 181	89,386 20
Total	354,837 780	31,935,400 00	25,345 554	2,281,100 00

B.—Suppression of Counterfeiting.

The suppression of coin-counterfeiting might certainly be greatly aided, in the first place, by the establishing of uniform principles in the legislation of all States, and then, by an understanding between the different Governments, with the object of mutually assisting each other in the pursuit of criminals, and in the adoption of repressive measures.

As to the first point, it would seem desirable that the counterfeiting of foreign money should every-where be placed upon the same footing as the counterfeiting of the national coins, and that the culprits should be tried and punished by the State in which they shall have been arrested, unless extradited to the Government of their own country, or to the State in which the criminal act shall have been committed.

These principles have been incorporated by the Imperial and Royal Government in the draft of a new criminal code which has been submitted to the deliberations of the Austrian Parliament (Reichsrath).

It is also desirable that counterfeiting, and criminal actions of like character, should be included in all treaties of extradition.

Concerning the second point, it is of the first importance, for the successful prosecution of crimes and offenses connnected with counterfeiting, and the participation in such unlawful acts, that the evidence required by a foreign Government should be furnished with the utmost promptness, especially when a Government prosecutes the falsification of foreign coins, and sends these to the Government whose effigy has been counterfeited, to obtain an official authentication thereof.

Experience has shown that delays in the return of answers to such requests for facts have frequently led to serious troubles, and have exerted a most unfortunate influence upon the course of the legal proceedings, inasmuch as they easily give rise to the supposition that the State which should be considered most directly interested, really attaches but slight importance to whether or not the counterfeiting of its coins is punished in foreign lands.

Lastly, it would remain to be inquired whether other arrangements, rather in the nature of police regulations, looking to the suppression of the crime of counterfeiting, might not be advantageously adopted by the different Governments.

HUNGARY.

Replies to Questions of Mr. Cernuschi.

Table No. 1 gives a summary of the silver coins having full, and also of those having limited legal tender power, coined at the mint at Kremnitz.

No silver trade coins have been minted.

The silver was purchased by the mint at the price of 90 florins, or, after deducting 90 kreutzers for mint charges, at the price of 89fl. 10kr.

In general, during this period, there was coined only silver produced by the mines of the State, and such quantities of that metal as were brought to the mint by the retail trade. It was only in 1876, and notably from 1878 to 1880, that the condition of the market for the precious metals permitted operations upon a more extended scale. The total value of these coinages, done in part for account of the Government, and in part for account of private persons, is 31,824,815 florins.

The numerous oscillations to which, at this time, the price of silver at London was subject, make it impossible to set forth the price which silver commanded in the metal market at the precise date when private parties brought their bullion for coinage. So far as concerns the operations of the Government, the latter has realized a profit of about three-fifths per cent.

The silver bars bore the stamps of London, Paris, Hamburg, Frankfort-on-the-Main, and Hettstadt, while some few came from St. Louis.

Table No. 2 gives a statement of the pieces recoined from 1874 to 1880.

There has been no coinage for the account of the bank of issue.

Table No. 1.

SUMMARY OF SILVER MONEYS COINED AT THE MINT AT KREMNITZ, FROM 1874 TO 1880, INCLUSIVE.

Years.	Coins having Full Legal Tender Power. Pieces of 1 Florin.		Coins having Limited Legal Tender Power.	
	Weights in Kilograms of Fine Silver.	Nominal Value in Florins.	Weights in Kilograms of Fine Silver.	Nominal Value in Florins.
	Kg.	*Florins.*	*Kg.*	*Florins. Kr.*
1874	23,130 029,0	2,081,702	880 870,0	132,371 30
1875	23,043 978,0	2,073,958	281 664,0	42,504 40
1876	47,393 568,9	4,136,174	343 504,0	51,848 60
1877	23,468 211,9	2,241,886	303 570,0	46,007 70
1878	63,526 372,2	5,717,374	....	....
1879	286,176 951,0	25,755,927	....	....
1880	42,384 644,1	3,814,618	....	....
Total	509,123 755,1	45,821,189	1,809 108,0	272,732 18

which, when taken together, give a total of 510,932 kilograms, 863.1 of fine silver coined into a nominal value of 46,093,871 florins.

Table No. 2.

TABLE OF SILVER PIECES RECOINED IN THE YEARS 1874 TO 1880.

		Florins.	*Kr.*
1874	Amount in nominal value	298,897	12
1875	Amount in nominal value	286,519	83.5
1876	Amount in nominal value	187,901	43
1877	Amount in nominal value	246,511	55
1878	Amount in nominal value	170,148	84
1879	Amount in nominal value	311,422	90.5
1880	Amount in nominal value	225,232	21
	Total	1,726,633	89

Reply to the Question of Dr. Broch.

In Hungary, only national coins no longer current, or much worn by use, have been presented to be exchanged at the mint.

EXHIBIT I.

(Presented by MR. PIERSON, page 377.)

LETTER OF THE BANK OF THE NETHERLANDS ON THE MONETARY SITUATION.

To His Excellency, the Minister of Finance, at the Hague.

Amsterdam, June 22, 1881.

Sir—We have had the honor to receive the letter of your Excellency, under date of the 11th of June last, desiring our opinion upon the monetary question, in view of the International Conference at Paris, of which the Sessions are to recommence on the 30th instant.

The following are the observations which we take the liberty of making upon the subject. It may be assumed that the monetary situation at the present time is to be taken as the point of departure, without the necessity of stopping to describe it.

It is important, however, to note its attendant disadvantages.

Of these, there are two.

In the first place, the situation is peculiarly trying to those States which, like our own, have chosen gold for a standard, while permitting, at the same time, the circulation of a large quantity of silver, the legal value of which, at present, is higher than its intrinsic worth. If these countries wish to settle their monetary systems, they would be obliged to demonetize the larger part of these silver coins, which would involve a heavy expense; if not, they will always remain exposed to a great danger, viz., the possibility of the depreciation of their monetary unit.

It is evident that gold alone has peculiar advantages for export; therefore, if the rate of Exchange rises above par, it is probable that those who hold gold specie will profit by the occasion to sell it at a premium. And, from the moment that gold commands a premium, the monetary unit has lost a part of its value.

It is true that banks like our own, which are the source first drawn upon when gold is required for export, may do something to remedy this ill; but, in the long run, they are unable to check it.

In the second place, the present situation is not only full of dangers for certain countries, it is also injurious to all, no matter what may be their monetary system. These harmful effects are already apparent, and it is probable that they will go on increasing. They consist chiefly in

this, that the value of each of the two metals, and the rates of exchange between countries with different standards, have become more variable.

It is impossible to predict the future value either of gold or of silver. Nevertheless, if the facts which have been observed for some years past continue to prevail, that is to say, if the production of gold goes on diminishing, while that of silver increases, it is probable that the latter will fall in value and that gold will become dearer. This tendency may be assisted by legislative measures undertaken by different States; for, let it be carefully noted, all the silver pieces now circulating in those countries having the "limping" standard (*étalon boiteux*) are actually doing the duty of gold coins. As soon as they should be replaced by the latter, and an attempt should be made to sell them in the form of bullion, the tendency of silver to fall, and of gold to rise, in value, would be very considerably augmented.

It would become still more marked if paper money should be superseded in the same manner in those countries where notes now circulate.

Let discussion be carried on as to which of the two evils is the lesser, that of a rise or that of a fall in the value of money; it is clear that both are evils. We may add that no country can remain free of them.

A distinction is sometimes drawn between countries having a favorable and those having an adverse balance of trade. This distinction is applied to those of the gold standard when it is asserted that certain countries will have more difficulty than others in procuring and retaining a sufficient quantity of this metal. Nothing can be more erroneous. The balance of trade tends to distribute all articles, including the precious metals, over the different countries according to their several needs. Doubtless the relative values of these articles will not be every-where the same; but that does not prevent prices in a given country from being permanently influenced by those in other lands, while differing at the same time from them. Let us suppose that a more extended use is made of gold, and that its production diminishes, by reason of which gold becomes rarer relatively to the demand; in this case the normal relation between the general condition between the prices of every thing in the different countries would not cease to exist. Quite the contrary, there would be a fall everywhere, although at first very irregular and unequal.

As to the unsteadiness in rates of exchange, this is an evil from which no country will be able to escape, and of which England and British India chiefly have already experienced the unfavorable consequences. It may be true that commerce pays but little heed to whether exchange rates are high or low; but great unsteadiness in them is always prejudicial to trade. Funded debts and investments must also not be forgotten.

We have thus pointed out the evils of the present situation. In our opinion there is but one efficacious remedy, and that is the establishment of the system of the double standard, with a uniform ratio between the two metals, over a greater extent of territory.

It is surprising that so many intelligent men refuse to admit this truth. We are told that such a measure might alter the relative production of gold and silver. We do not deny it, but what would be the result? A change in the relative *quantities* of these metals, no doubt; but this does not imply that their relative *value* would likewise change. On the contrary, the law of supply and demand would prevent such from being the case. Those who oppose the adoption of the bimetallic system on the plan indicated do not appear to recognize that gold and silver conjointly will be far more stable than when performing their functions separately.

Against this project our opponents are pleased to appeal to the lessons of history. They forget that the system of the double standard, with uniform ratio between the two metals, has never yet been applied to a jurisdictional area of sufficient extent. They forget, further, the real services which this system has already rendered, even although acting within far too narrow limits.

So long as every one could get for a kilogram of coined gold 15½ kilograms of coined silver, and *vice versa*, it would be impossible for the relation of value between gold and silver in the shape of bullion to differ much from the legal ratio established for the coins.

Before such difference could show itself it would be necessary, either that nearly the whole amount of the coins of one of the metals should be exported from the territory of the double standard, or that such coins should there command a premium by reason of being used as the money of commerce. Neither the one nor the other hypothesis is probable.

The totality of gold or of silver would only be exported provided the exported metal could command, in the foreign country, a relative value higher than that which the law gave it in countries where the double standard prevailed; but it is clear that this would be impossible if these latter countries were very numerous.

As to the danger that one of the metals would be at a premium, we find great difficulty in admitting this. It is very true that, in former ages, when the monetary systems of nearly all the States of Europe were in a condition of the utmost disorder, it often happened that contracts were made in a given coin, the value of which inspired greater confidence than that of the current money of the country. Among uncivilized peoples the same thing may be observed to day; but wherever the monetary system is well organized, the currency of the country is properly considered the most stable measure of value, and nothing is gained by the use of a trade coin which one can not say will pass later for the amount at which one took it.

Furthermore, it is possible to remove the danger which is feared, by imposing upon banks of issue the obligation to treat the coins of the two metals upon the same footing. Since the use made of the bank-note in all civilized countries is very extended, it will, therefore, be almost equally

impossible that one of the metals should rise to a premium, or that it should be wholly exported.

The necessary conditions for the regular working of the double standard may be gathered from what has been stated above. All depends upon the extent of territory over which this system shall be established; and this is the point which we can not sufficiently emphasize. As it is possible that after a time certain of the bimetallic States might change their system, it is even important that the arrangement should not be adopted until the territory, in which the system shall be put in operation, shall be much greater in extent than what would be necessary to make the success of the measure assured.

For, unless this territory preserves its requisite dimensions, the system of the double standard will operate as an alternative standard; and, in the present circumstances, it is silver, and not gold, that will remain. Not that silver seems to us less fit than gold to perform the functions of money; it has more bulk, we admit; but the consequent disadvantage is of the smallest so far as carriage is concerned, and, for the uses of circulation, the difficulty is entirely removed by replacing the silver with bank-notes. We might even add that it is easier to regulate the fractional coinage when the monetary system is based upon silver than when it rests upon gold alone. But if the world is to remain divided between countries having the gold standard and countries having the silver standard, it would be desirable that each of these groups should form a coherent territory. Let us suppose a small State, a member of a monetary union, the efforts of which to maintain the system of the double standard had failed, and that this little country, by reason of that fact, had fallen into the system of the silver standard; being surrounded with countries using only gold, the position of the little State, as may be readily understood, would not be enviable. Such is the danger which we desire to point out, and which must be avoided. For these reasons we are of the opinion that the Netherlands should make their concurrence in the adoption of the bimetallic system depend upon the extent of territory which should be secured for it.

We take this occasion to convey to your Excellency the assurance of our high consideration.

(Signed) MEES, *President*.

The Directorship QUACK, *Secretary*.

of the Bank of the Netherlands.

TENTH SESSION.

TENTH SESSION.

SATURDAY, *July* 2, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Sweden,
Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting.

MR. DUMAS, Delegate of France, and MR. LUZZATTI, Delegate of Italy, who had arrived the previous day at Paris.

The Session was opened at 12.30 P. M.

The Minutes of the Session of 30th June, 1881, were read, and adopted.

BARON VON THIELMANN presented to the Conference the written reply of the Delegates of Germany to the request for information made by Mr. Cernuschi at the Session of the 7th May, 1881. It was agreed that this document should be inserted at the end of the present Minutes.[1]

MR. PIRMEZ also presented the reply which the National Bank of Belgium, which had been specially consulted according to the wish of the Conference, had made to the Minister of Finance at Brussels on the monetary question. It was agreed that this letter should be annexed to the Minutes.[2]

MR. VROLIK having sent a message affording a hope that he would attend the future meetings of the Conference, The President did not think it was necessary to proceed to the nomination of a second Vice-President.

This opinion was unanimously concurred in. The President next asked the Delegates to settle the order of their labors. As he had recalled at the previous Session, the programme adopted by the Conference comprised two parts: the first, the general theory of the question, had been the object of a very serious and thorough investigation. The discussion of the *Questionnaire* remained to be entered upon. This discussion might be carried on either by considering *seriatim* the various points stated in the list of the Netherlands' Delegates, or, inasmuch as these points did not involve any vote, by studying them in any order according as they might offer the Delegates matter for observation.

MR. SEISMIT-DODA, Delegate of Italy, also held that the general discussion was exhausted, but he did not see any utility in entering on the examination of the *Questionnaire*. The points contained in these interrogatories had been considered in the course of the previous debates; to revert to them now would be running the risk of re-entering on the general discussion, with the certainty of throwing no fresh light on the question. There was a more practical path to be taken. After the Declarations of Baron Von Thielmann—after the remarkable observations of Sir Louis Mallet at the meetings of last May, the Conference felt bound to adjourn, in order to enable the two Governments of England and Germany to ascertain in what manner those important Declarations might be effectively supplemented. Resolutions must since have been

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[1] Exhibit A, p. 435. [2] Exhibit B, p. 439.

prepared and settled upon. It was especially important to learn the nature of these resolutions. The Conference might thus shorten its labors, and arrive sooner at a precise and definitive conclusion.

Mr. Lardy, Delegate of Switzerland, fully concurred in Mr. Seismit-Doda's observations. In this he was but conforming to the last instructions received by the Swiss Delegation from the Federal Government, and which directed it to ascertain, in the first place, what was the result of the negotiations which had taken place during the adjournment of the Conference between the French and American Delegation, and the Governments of Germany and Great Britain. He, therefore, supported the proposition of the Delegate of Italy, and asked that those States whose resolutions were awaited should inform the Conference whether any practical result had been attained since the Delegates separated.

Mr. Cernuschi, Delegate of France, while sharing, as a general principle, the opinion of Mr. Seismit-Doda and Mr. Lardy, thought it would, nevertheless, be very interesting to hear those members of the Conference who had been unable to state their views at the previous Sessions.

Mr. Seismit-Doda agreed with Mr. Cernuschi on this last point, but it should be quite understood that after these speeches the discussion of the *Questionnaires*, as well as the general discussion, should be deemed exhausted, and that the Conference should consider only practical questions.

Mr. Pierson, Delegate of the Netherlands, shared, but only in part, the opinion of Mr. Seismit-Doda and Mr. Lardy. It was quite correct that the three first points of the interrogatories, the existence of the monetary crisis, its causes, and its remedies, had been investigated in the course of the general discussion; but the last two points, the measures to be taken to reduce the oscillations of the two metals, and to establish a fixed ratio between these two metals, had been passed over in entire silence, yet those two points were well deserving the attention of the Conference.

Mr. Dumas, Delegate of France, supported Mr. Pierson's proposition. He did not think the general discussion could be revived if the debate was limited to the two last points of the *Questionnaire*. The debate being thus limited, he reserved the option of entering upon it, and of explaining how he had been converted to the fixed ratio of 15½. In any case, he held that the Conference, which had

outside public as listeners, and had hitherto given its labors a value already every-where highly appreciated, should not leave unexamined the last two points of the programme it had laid down for itself.

MR. DANA HORTON, Delegate of the United States, expressed his concurrence with the views of Mr. Cernuschi, Mr. Pierson, and Mr. Dumas. He also desired, before the general discussion was resumed, to make a statement with reference to the question which the Delegates of the Netherlands had addressed to the American Delegates at the eighth Session. He regretted that he was, as yet, unable to present a response, or rather, to enter into the practical discussion to which the question would necessarily give rise.

THE PRESIDENT read the text of this question.[1]

THE PRESIDENT said, we have before us two propositions; one, submitted by Mr. Seismit-Doda, for hearing solely the Declarations of certain States; the other, submitted by Mr. Cernuschi and Mr. Dumas, for considering the interrogatories, or at least the last two articles as advocated by Mr. Pierson. Mr. Seismit-Doda, moreover, has partially rallied to this latter proposition. It is for the Conference to decide whether it will adopt this second proposition.

The second proposition was adopted.

MR. THURMAN, Delegate of the United States, then read (in English) the following address:

Mr. President, and Gentlemen—The general discussion having closed, we are brought, by the previous orders of the Conference, as I understand them, to a consideration of the *Questionnaire*. I propose to submit some brief observations on some of its points; but they will be little more than an expression of my individual opinions, with little or no argument.

The first question propounded is substantially as follows: "Have the diminution and great oscillations in value of silver that have occurred, especially of late years, been injurious or not to commerce, and, consequently, to general prosperity?"

Is it desirable that the relation of value between gold and silver should be stable?"

I do not see how it is possible to give any but an affirmative answer to these questions; unless, indeed, the use of silver as money is to be wholly discontinued; and no one, here or elsewhere,

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[1] See page 346.

advocates that. Although, according to the logic of gold monometallists, it might seem that if an exclusive gold currency is the best for one country, it must be for all countries, yet I do not understand that any one proposes to inaugurate measures for the universal demonetization of silver.

Silver, then, in a greater or less degree, is still to be used as money by commercial nations every-where, and, this being admitted, can argument be required to prove that great fluctuations in its relative value must necessarily be injurious to commerce and to general prosperity. And as gold is also to be used, is it not equally obvious that the relative value of the two metals should be as stable as possible. The effect of an unstable and greatly fluctuating currency upon debtors and creditors, at one time to the injury of the former, and at another to the injury of the latter; the discouragement to production, the uncertainties of employment, and the difficulties of exchange, to say nothing more, are sufficient to demonstrate how great are the calamities that such a currency is sure to inflict, and how imperative is the duty of Government to prevent, or, at least, to mitigate them.

We are next asked, "whether the fluctuations in the value of silver of late years are to be attributed to an increase in the production of that metal, or rather to legislation?"

It seems to me very clear that they were caused by unfriendly legislation, and not by increased production. According to the table presented by Dr. Broch,[1] the mean price of silver in 1845, in the London market, was 15.93 of silver for one of gold, and the mean price, or ratio, in 1873, 29 years later, was precisely the same.

During this period, there were some fluctuations, not very great, however; and, taking the mean of the whole 29 years, we have the striking fact that the relation was 15.54 to 1, being almost exactly the legal relation ($15\frac{1}{2}$ to 1), that has existed in France for about 78 years, and that now exists in the States of the Latin Union.

But, during the 29 years above mentioned, the production of gold was enormous, and was, in value, at least double that of silver; so that, if either metal should have lost value as compared with the other, it would seem that it should have been gold, and not silver. Yet their relative value was precisely the same in 1873 that it was in 1845.

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[1] See page 442.

But in 1873 began, both in America and Europe, that course of legislation to which, in my judgment, are chiefly to be attributed the monetary troubles which this Conference has met to consider. In the United States, by Acts of Congress of 1873 and 1874, silver was demonetized; and, although the error, after the lapse of several years, was corrected, yet the coinage of full legal tender silver is greatly restricted.

In Europe, Germany and the Scandinavian States have become gold monometallic, while the States of the Latin Union have almost wholly suspended the coinage of the white metal. That metal, being thus, by force of legislation, condemned and dishonored, its fall in value was inevitable, and the only matter of surprise to me is that it is no greater than it is. Look at the facts. In 1873, the relation between silver and gold was 15.93 to 1. Then commenced the legislation of which I have spoken, and its effect was instantly seen. In 1874, the relation was 16.16; in 1875, 16.63; in 1876, 17.80; in 1877, 17.19; in 1878, 17.96; in 1879, 18.39; and in 1880, 18.06 to 1. Was ever a result more directly traceable to its cause?

The next question propounded by the *Questionnaire* is this: "Is it, or is it not, probable, that if a great group of States should agree to a free and unlimited mintage of coins of the two metals, having full legal tender faculty, in a uniform proportion for the gold and silver contained in the monetary unit of each metal, a stability, if not absolute, at least very great, in the relative value of the metals would be obtained?"

It might, perhaps, be said, by a person disposed to be hypercritical (which I am not), that there is some ambiguity in the expression, "a great group of States" ("un grand group d'Etats"), in this question.

The nations of Asia form a great group of States. So do those of North and South America. And, certainly, all, or even the principal States of Europe, including Great Britain, form a very grand group. But I can not suppose that the framers of the *Questionnaire* wish us to discuss the question whether a bimetallic union in Asia alone, or in America alone, would have the effect suggested by the question. The inquiry is doubtless a practical one, and is to be construed in view of the circumstances that brought about the holding of this Conference, and, especially, with reference to the States here represented. The question, then, may be stated in this wise: "Were a great group of the States of Europe and America to form and maintain a bimetallic union, such as that

supposed in the question, would the result be a great stability in the relative value of coined gold and silver?"

In my humble judgment, that would certainly be the result of such a union, provided Great Britain and Germany were parties to it. Without their concurrence, or at least that of one of them, I fear that the day is not as near as I could wish when it will be possible to form such a union and to make it effective. So long as they stand opposed to bimetallism, other States will be opposed to it, or occupy an expectant or neutral attitude; and the pronounced bimetallic States will not, perhaps, be sufficient to form that grand group, upon whose formation and maintenance success is said to depend. And yet, I believe that bimetallism will ultimately prevail; for I can not see how the vast structure of credit, the most distinguishing feature of modern industry and commerce, can be supported on a gold basis alone. With both metals its base has often been found too narrow; but with one it would be, to my apprehension, positively unsafe.

The remaining points in the *Questionnaire*, though interesting, and worthy of serious consideration, may, without impropriety, be called minor points; and I shall not, at present, offer any observations upon them.

I wish now to make some brief remarks upon the concessions, as they have been called, that, it is suggested, the Governments of Germany and India are willing to make. To avoid the possibility of misstatement, I quote the German propositions from the Declaration of her Delegates, as follows:

EXTRACT FROM THE DECLARATION OF THE DELEGATES FROM GERMANY.

(Translation.)

"We recognize, without reserve, that a rehabilitation of silver is to be desired, and that it might be attained by the re-establishment of the free coinage of silver in a certain number of the most populous States represented at this Conference, if these States, to this end, should adopt as a basis a fixed relation between the value of gold and that of silver. Nevertheless, Germany, whose monetary reform is already so far advanced, and whose general monetary situation does not seem to call for a change of system so vast in scope, does not find herself in a position, so far as she is concerned, to concede the free coinage of silver.

"Her Delegates are, therefore, not able to subscribe to a like proposition.

"The Imperial Government sees itself on the other hand, entirely disposed to do its best to second the efforts of the other powers which might wish to unite in view of a rehabilitation of silver by means of the free coinage of this metal.

"To reach this end, and to guarantee these powers against the afflux of the German silver, which they seem to fear, the Imperial Government would voluntarily impose upon itself the following restrictions:

"During a period of some years, it would abstain from all sales of silver, and

during another period of a certain duration, it would pledge itself to sell annually only a limited quantity, so small in amount that the general market would not be glutted thereby. The duration of these periods, and the quantity of silver to be sold yearly during the second one, would form the subject of ulterior negotiations. Such an arrangement would efficiently protect the mints of the bimetallic States against the unlimited outflow of German thalers drawn from the National funds. Private individuals or the Imperial Bank (which is a private bank under special control of the Government) would not be able, on the other hand, to cause thalers to flow to the mints of the Bimetallic Union, except in the case of the balance of trade being against Germany, or unless the relation of 1 to 15½, established by the Bimetallic Union, should undergo a considerable modification in favor of silver. This last contingency, appears, however, but slightly probable. In all other cases, the exportation of thalers would, of necessity, entail a loss to those who might undertake it; and hence the countries of the Bimetallic Union have no occasion to apprehend that the silver of Germany will inundate their mints. Furthermore, these operations could be rendered still more difficult by excluding specie in thalers from free coinage in the Bimetallic Union; a measure of this kind would add to the other expenses to be borne by the exporters of silver, that of the cost of melting down and refining the thalers.

"If an international arrangement, based upon these indications could be arrived at, Germany would still remain free to sell silver within these self-imposed limits, or to sell none at all. But Germany, in order still farther to contract even these limits, might make other concessions; she would provide, in her own circulation, a wider area for the metal silver, thus generalizing the use thereof. To attain this end, the Imperial Government would engage to retire eventually the gold pieces of 5 marks (27¾ millions of marks), as well as the Imperial Treasury notes of the same value (40 millions of marks).

"It might, further, melt down and recoin the silver pieces of 5 and 2 marks (71 and 101 millions of marks), by taking as a basis a relation between the two metals approaching that of 1 to 15½; whereas, under existing legislation, 100 marks are made from the pound of fine silver, which is equivalent nearly to the ratio of 1 to 14.

"You have here, gentlemen, the concessions which the Imperial Government would be willing to offer, and of which its Delegates are now ready to discuss the scope and the details of execution."

And, in like manner, I quote the India Proposition from the speech of Sir Louis Mallet, at the 7th Session of this Conference, as follows:

EXTRACT FROM THE SPEECH OF SIR LOUIS MALLET, AT THE SEVENTH SESSION, TUESDAY, 17TH MAY, 1881.[1]

(Translation.)

"My colleague and myself find ourselves here in a position altogether exceptional. The East Indian Government is not even invited to join the Bimetallic Union which has been proposed. On the contrary, if I am rightly informed, all that is hoped for from us, while England remains aloof, and which, from the

[1] See page 259.

commencement of the negotiations, has been known to all the world, is that no change be made in the present monetary system of the Indian Empire.

"We are authorized to respond to this wish in the following manner, namely: that, during a definite period, the duration of which shall be the subject of later negotiation, the Indian Government will undertake to maintain its present system of free coinage of silver, having full legal tender faculty throughout the whole of Her Majesty's Indian possessions.

"But, it must be added, that we could only bind ourselves in this absolute manner upon the condition that a certain number of the principal States of the world pledge themselves, on their part, to maintain within their borders, during the same period, the free coinage of silver, as full legal tender, in the proportion, as respects gold, of 15½ to 1; and our engagement would remain in force only during the maintenance of this state of things."

Mr. President, and Gentlemen—At the outset, I wish to state distinctly that what I may say in reference to these several propositions will be nothing more than an expression of my own opinions. I shall not presume to speak authoritatively for my Government, although I hope and believe that what I shall say will reflect its sentiments.

A majority of the people of the United States are, undoubtedly, at this time, bimetallists, and wish to see bimetallism established throughout the commercial world. In advocating this policy, they are not actuated simply by a desire to obtain a better market for their silver; as has been most injuriously said, not in this Conference, certainly, but elsewhere. On the contrary, their motives are of the highest and noblest character, as my colleagues have eloquently and convincingly demonstrated, and are as free from the taint of mere selfishness as it is possible for international transactions to be.

But, while the American people believe that the existing monetary systems of the world greatly need reformation, that the present status is injurious to commerce and general prosperity, and is a hindrance to that friendly intercourse and harmony among States that are so much promoted by a mutually beneficial trade; and while they believe that one of the most effective, if not the most effective, reforms that could be made would be the adoption of bimetallism; yet, they are too well informed not to know how slow is the progress that truth often makes, and that it is seldom the part of wisdom to reject what is attainable and reasonable at the time, because it falls short of something better and more desirable. I think, therefore, that, in view of the difficulties of the situation and of the conflicting opinions of States and statesmen, my Gov-

ernment would not, probably, feel it to be its duty to reject any and every proposition that comes short of perfect bimetallism.

Relying on the goodness of its cause, and believing in its ultimate triumph, it could afford to march step by step instead of insisting upon reaching the goal at single bound. But, if we be invited to halt at a halfway-house and tarry in it for a season, we must, before we accept the invitation, be well assured that the tenement is not a dangerous one for us to occupy. Now, here, as it seems to me, lies the chief obstacle to the acceptance of the propositions in question. Each of the propositions, as I understand it, requires that the United States and France, and, perhaps, the chief States of the Latin Union, shall open their mints, and keep them open, for the free and unlimited coinage of silver into money having full legal tender quality. It is not for me to say what France, or the States of the Latin Union, or other States of Europe here represented, may think of such propositions. Their Delegates will answer for them, if they see fit to do so—I can speak in reference to my own Government alone. Would such an agreement as that proposed be acceptable to the United States? I am bound, speaking frankly, to say that I think it would not. There is a great and vital difference between a grand Bimetallic Union, that, by fixing and maintaining a stable relation between gold and silver, would stop, or, at least, powerfully tend to stop, the efforts, so often made, to drain a State at one time of one of the metals, and at another time of the other, and a little and halfway union, that might leave each State liable to a recurrence of such drains. Now, if I understand the views of my Government and of the American people, they do not desire an alternative standard, gold to-day and silver to-morrow, nor a single standard, whether of gold or silver, and certainly, not the single silver standard. Their stock of silver money, is less, in proportion to the wealth and population of the country, than that of most commercial nations, while, on the other hand, their stock of gold is very large, is steadily increasing, day by day, and is likely, unless prevented by some blunder, to continue to increase. Under such circumstances, it is but natural that the Government should hesitate to enter into an agreement, the effect of which might possibly be to lesson the amount of our gold. It would cheerfully become a party to a great Bimetallic Union, which, if formed, would, of course, open its mints to the free coinage of silver; but I must be permitted to doubt whether, without such an union in existence, it will, by convention, surrender its power over its own coinage.

In saying this, I would not be understood as underrating the importance of the German and English propositions. I consider them as steps in the right direction, and entitled to most respectful consideration; but, in my judgment, they fall far short of what the exigency requires, and I see no probability of their acceptance.

MR. SCHRAUT then read the following address:

Mr. President, and Gentlemen—I shall first of all tell you that, in what I am about to say on the first and second points of the interrogatories before us, I am merely expressing my personal views. The fall of the price of silver, and the fluctuations to which the value of that metal is subject, have caused a certain injury to commerce. They have, especially, rendered more difficult the exportation of manufactured articles to countries where silver is the only denomination of value, particularly Eastern Asia and India.

Moreover, the oscillations in the price of the white metal expose commercial affairs in general to the invasion of irregular speculation.

The commercial situation of the United States, and of those European countries where the monetary situation is practically based on that metal, is now such that those countries, owing to the depreciation of silver, can make use only of bills payable in gold, when they have accounts to settle among them. For cash international payments, they have also to use gold money, to the exclusion of silver.

Owing to these circumstances, every State is trying to husband and increase its supply of gold. This struggle to gather together gold is not without inconvenience, as has been observed during the last two years. In 1880, especially, we saw the rate of discount at times rise, and gold at a premium in France, solely because Europe had that year to pay a somewhat considerable quantity of gold to America; but must it be thought that the continuance of this drain, to the advantage of America, will lead in an early future to a gold famine in Europe? That is a point on which I do not wish to enlarge; I merely venture to express the opinion that the fears entertained on this point seem, to me, a little exaggerated.

What seems certain is that commerce would greatly suffer if the demonetization of silver, and the adoption of the single gold standard, were destined to become more general.

The countries where paper money now prevails will, moreover, with difficulty succeed in substituting the metallic for the paper money system.

This substitution of metal for paper, which is subject to too frequent fluctuations, and the disappearance of the discount which affects the great mass of minted silver, would, doubtless, exercise a beneficent influence on the development of international commercial relations.

Even the countries holding to the gold standard should, consequently, desire the augmentation, or, at least, a comparative stability, in the price of silver.

As to the causes of the depreciation of silver, I must say that it is not mainly due to the sales of silver by Germany; it arises rather from the suspension of the coinage of silver money in the countries of the Latin Union—a suspension which was, in part, caused by the adoption of the gold standard in Germany.

Germany's sales of silver may, indeed, have at times depressed the market; but what proves that their influence has been quite secondary, as regards the depreciation, are the following figures:

During the period which has elapsed from 1871 to the end of 1879, the production of silver rose to a total of more than three milliards of marks, and the bills of exchange of the Indian Government, which act instead of silver, reached a total sum of about two milliards of marks; whereas, the sales of silver made by Germany amount only to 560 millions of marks.

Germany's sales took place mostly in 1877, when the average price of silver was 1⅝d. above that of 1876, and 2d. above that of 1878—years during which the sales of German silver were very limited.

A sensible and persistent depreciation of the white metal remained impossible as long as the Latin Union really accepted it at a fixed price for coinage. The bills of exchange of the Indian Government, and the consignment of silver to India, could not counteract this, except within a limit indicated by a rate, beyond which it became more advantageous to convert the silver into francs by coinage.

Having no longer its regulator, the double standard of the Latin Union countries, silver has lost a constant and certain market. Its value is now subject to the fluctuations of production and the vicissitudes of commerce, and of payments between Europe and Asia. Unfortunately, both these have turned against it.

The increase of silver production has made silver much more plentiful, and, on the other hand, the amount of the bills of the Indian Government, offered in the London market, has undergone a considerable increase. These two events, which have occurred

simultaneously, have afterwards reacted on each other, and have thus produced a progressive fall in the price of silver.

If, in lieu of these unfavorable phenomena, circumstances favorable to silver had arisen—a diminution, for instance, in the silver production, and greater and more lasting demands of silver for India through a falling off in the cotton crops of America—a sensible depreciation of that metal would not have taken place, even assuming the suspension of the coinage of silver in the Latin Union. I conclude from the foregoing, that the opinion, which attributes the depreciation of silver solely to the monetary policy of European States, is not altogether correct.

Mr. Cernuschi thought himself bound to call attention to the speech just delivered by the Delegate of Germany. Nobody could be mistaken as to the feelings animating him, when, after acknowledging the loss sustained by the Empire from the demonetization of its silver coin, and after having even proposed to repair that loss, he now, in the name of science, protested against the erroneous monetary policy of Germany, and repelled an accusation thrown out against the Latin Union. Neither the more plentiful issue of bills by the Indian Government, nor the glut of production of the silver mines, was the cause of the existing evil.

The institution of bimetallism had always precisely for its object, and had always produced the effect, of a guarantee of the relative value of gold and silver, against all natural or commercial influences which could act upon the relative value of other commodities. If Germany had not endeavored to appropriate the legal monometallism of England, France would have continued to coin the two metals freely; and, in spite of the fertility of the mines, in spite of the drafts of the India Council, gold and silver would still be at 15½ the world over, as it had been in the past. Mr. Soetbeer had always desired to cast upon us the responsibility for the present monetary disorder, because we ceased to coin silver; but it was Germany that made the beginning.

Mr. Soetbeer had supposed that Germany could become monometallic by pouring all her silver into France, and by draining her of French gold at the rate of 15½; that is, without loss to the Imperial Treasury.

There is a desire to resume this plan, and this is the object of these pretended concessions, which consist in reducing the exportation of German silver, but in exporting it gradually into the countries of the Latin Union, and in taking gold for it at 15½. Even the

proposed recoinage of 5-franc silver pieces into smaller pieces, coined at 15½, would lead to this final result.

Mr. Cernuschi desired clearly to state that the German legislator had been the sole author of the silver crisis; and, on the other hand, that Germany, failing possible new Declarations, had as yet made no proposition which the United States and France could regard as a concession.

Mr. Dana Horton remarked that the mistake, justly attributed by Mr. Cernuschi to the German legislator, went further back. It originated in England; it was next propagated in France, and in 1867, at a Conference, in which even the United States were represented, all the civilized nations indorsed it. The responsibility for the mistake fell both on the German legislature and on the civilized world.

Baron Thielmann, Delegate of Germany, had understood that Mr. Seismit-Doda and Mr. Cernuschi expected a fresh Declaration from him. He had nothing to add to what he stated at the meetings of the first Session of the Conference.

Mr. Fremantle, Delegate of Great Britain, presented to the Conference the replies of the English Government to the requests for information, made by Mr. Cernuschi, Mr. Lardy, and Mr. Broch, at the 3d, 4th and 7th Sessions,[1] and he added.

I have had the honor of submitting to my Government the questions, which were addressed to me as Delegate of Great Britain by the honorable Mr. Cernuschi, and by the honorable Mr. Dana Horton, at the Sessions of the 14th and 17th of May.

My Government has asked me to point out to the Conference that these interrogatories can not be regarded as simple requests for information, but are rather in the nature of theses, designed to maintain certain opinions, and which can not be replied to without entering on a detailed controversy.

In the opinion of Her Majesty's Government, there would be serious inconveniences in entering on questions of that kind by means of interrogatories and replies.

The Delegate of Great Britain handed in, at the same time, the following reply made by the Delegate of Canada, Sir Alexander Galt, to the question put by Mr. Cernuschi at the 6th Session:

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[1] Exhibit C., p. 441.

Dominion of Canada,
Office of the High Commissioner,
10 Victoria Chambers, London, S. W.

Reply to Question XXXV, by Mr. Henri Cernuschi, relative to Canada.

Undoubtedly, if the United States adopted bimetallic legislation, in accord with Europe, it would be the interest and policy of Canada to follow the same course.

(Signed) A. GALT.
June 20, 1881. *Delegate for Canada.*

MR. FREMANTLE announced that, after a correspondence between the United States Minister at London and her Majesty's Secretary of State for Foreign Affairs, he had just received instructions which would enable him to make a communication to the Conference at the next Session.

MR. PIRMEZ wished to remark that if he had not replied to the questions put by Mr. Cernuschi at the first Session, it was because, even by Mr. Cernuschi's own confession, these questions had been considered by him as only a special form of argumentation.

The discussion of the *Questionnaire* was adjourned to Monday, July 4th, at 1 P. M.

The Session concluded at 3 o'clock.

EXHIBITS OF THE TENTH SESSION.

EXHIBIT A.

(Presented by the DELEGATES OF GERMANY, page 420).

RESPONSE OF THE GERMAN DELEGATES TO THE REQUEST FOR INFORMATION ADDRESSED TO THE CONFERENCE BY MR. CERNUSCHI.

The Governments here represented are requested to furnish the Conference with detailed information concerning their mintage of silver since the 1st of January, 1874.

(3d Session, 7 May, 1881.)

	Answers.
1. To state the quantities of silver converted—	
(*a*) Either into coin with unlimited legal tender;	1. (*a*) None.
(*b*) Or, into coin with limited legal tender;	(*b*) *See* annexed table marked (A).
(*c*) Or, into coin current outside the State manufacturing it.	(*c*) None.
2. The cost to each State, of the metal which served to manufacture the different coins?	2. Old silver coin withdrawn from the circulation was used for the manufacture of these coins. The cost of the silver, independently of the wear of the coin melted down, and of the losses caused by the recoinage, correspond, therefore, with the nominal value of the coins melted down; it amounts to 382,271,086.62 marks for 4,247,466.518 pounds of fine silver. *See* No 7.
3. The additional sum which must have been expended in buying the silver thus minted if bimetallism at $15\frac{1}{2}$ had been in force; that is to say, if silver had still been worth $60\frac{13}{16}$*d.* ?	3. This question has no meaning for Germany.
4. The total amount of the profit realized by the State by buying silver at prices below $60\frac{13}{16}$*d.* ?	4. Ditto.

5. To state the amount manufactured for private individuals which yielded no profit to the Government, and give the price of silver at London at the time when these individuals presented the ingots for mintage?

5. In Germany the law does not permit the mintage of silver for private persons.

6. To indicate, if possible, the source of the ingots by the marks they bore?

6. This question has no meaning for Germany.

7. To indicate whether old demonetized coins have been reminted, and to what amount?

7. In the total amount of $4,247,466.^{\underline{516}}$ pounds fine silver, indicate in No 2, are included $32,429.^{\underline{569}}$ pounds of fine silver, which were delivered to the mints in the form of ingots produced by melting down the silver coins of the different States, which had been withdrawn from the circulation.

The nominal value of these last was 2,988,453 marks. Exclusive of the latter sum, the total amount of metal to be coined was composed of silver coins of the different States given up *in specie* to be minted into coins of the Empire.

8. To indicate whether the banks of issue themselves presented silver for mintage, and how much; and whether the profit resulting from the difference between the nominal value of the coin and the price of the metal accrued to the banks themselves or to the State.

8. This question has no meaning for Germany.

9. The German Government is requested to state how much silver money was coined by the various German States in 1869, 1870, 1871, and at what date the last thaler and last florin were coined?

9. *See* the annexed Table marked (B). The last thaler and last florin were coined in 1871.

(A)—STATEMENT OF THE IMPERIAL SILVER COINS STRUCK IN THE GERMAN MINTS, SINCE 1st JANUARY, 1874.

No.	Year.	Pieces of 5 Marks.		Pieces of 2 Marks.		Pices of 1 Mark.		Pieces of 50 Pfennings.		Pieces of 20 Pfennings.		Totals.	
		Value.	Weight.	Value.	Weight.	Value.	Weight.	Value.	Weight.	Value.	Weight.	Value.	Weight.
		Marks.	Lbs.	Marks.	Lbs.	Marks.	Lbs.	Marks.	Lbs.	Marks.	Lbs.	Marks.	Lbs.
1	1874....	4,992,050	49,920 500	....	....	32,540,104	325,401 040	....	....	8,799,467 40	87,994 674	46,331,621 40	463,316 214
2	1875....	20,126,485	201,264 850	....	....	74,410,221	744,102 210	10,810,380 00	108,103 800	10,211,908 60	102,119 086	115,558,994 60	1,155,589 946
3	1876....	46,534,560	465,345 600	74,773,814	747,738 140	35,394,107	353,941 070	37,993,846 50	379,938 465	15,383,908 80	153,839 088	210,080,236 30	2,100,802 363
4	1877....	....	....	23,037,078	230,370 780	745,526	7,455 260	22,300,262 50	223,002 625	140,076 00	1,400 760	46,222,942 50	462,229 425
5	1878....	....	....	699,156	6,991,560	5,485,584	54,855 840	382,063 00	3,820 630	....	....	6,566,803 00	65,668 030
6	1879....	....	....	296,960	2,969 600	156,414	1,564 440	....	....	5,000,000 00†	50,000 000	453,404 00 5,000,000 00	4,534 040 50,000 000
7	1880....	....	....	2,219,934	22,199 340	2,311,716	23,117 160	....	....	....	....	4,531,650 00	45,316 500
*8	....	....	....	....	....	....	....	....	....	....	....	....	....
	Total...	71,653,095	716,530 950	101,026,942	1,010,269 420	151,043,702	1,510,437 020	71,486,552 50	714,865 520	29,535,360 80	295,353 608	424,745,651 80	4,247,456 518

* 1st January to end of April, 1881.

† 5,000,000 marks of 20 pfenning pieces were retired in 1879, and recoined into 1 and 2 mark pieces in 1879 and 1880.

(B.)—STATEMENT OF SILVER COINS OF THE DIFFERENT STATES (CURRENT AND FRACTIONAL COINS) STRUCK IN GERMANY IN THE YEARS 1869, 1870, AND 1871.

Numbers	Coins Struck in Germany.	1869. Value expressed in the Coins themselves.	1869. Value in Marks.	1870. Value expressed in the Coins themselves.	1870. Value in Marks.	1871. Value expressed in the Coins themselves.	1871. Value in Marks.	Totals. Value expressed in the Coins themselves.	Totals. Value in Marks.
	A.—Current Money.								
	Silver.								
1	Piece of 2-1 thaler	3,802th.	11,406 00	6,270th.	18.810 00	10,454th	31,362 00	20,526th.	61,578 00
2	" 1-1 thaler	6,322,277	18,966,831 00	6,366,648	19,099,944 00	10,536,464	31,609,392 00	23,225,389	69,676,167 00
3	" 1-3 thaler								
4	" 1-6 thaler	106,374th. 20sgr.	319,124 00	46,613	139,839 00	48,878th 10sgr.	146,632 00	201,865	605,595 00
5	" 1-12 thaler								
6	" 2-1 florin								
7	" 1-1 florin	122,271fl	209,607 43	72,127fl.	123,646 29	35,030fl.	60,051 43	229,428fl.	393,305 15
8	" 1-2 florin	138,866½	238,056 86	77,540½	132,926 57	45,674½	78,299 14	262,081½	449,282 57
	Add for Hanseatic Cities:								
9	Pieces of 1-1 thaler of gold					66,550	199,650 00	66,550th.	199,650 00
	Total A		19,745,025 29		19,515,165 86		32,125,386 57		71,385,577 72
	B.—Fractional Money.								
	Silver.								
1	Pieces of 1-12th thaler	187,296th. 12sgr. 6pf.	561,889 25	225,927th. 2sgr. 6pf.	677,781 25	194,463th. 20sgr.	583,391 00	607,687th. 5sgr.	1,823,061 50
2	" 1-15th thaler	39,920 14	119,761 40	2,059 18	6,178 80	16,361 16	49,084 60	58,341 18	175,024 80
3	" 1-30th thaler	218,194 22	654,584 20	241,245 7	723,735 70	213,059 17	639,178 70	672,499 16	2,017,498 60
4	" 1-48th thaler								
5	" 1-60th thaler	7,465 28	22,397 80	13,570 15	40,711 50	4,516 24	13,550 40	25,553 07	76,659 70
6	" 6 kreuzers								
7	" 3 kreuzers	24,267½fl.	24,458 14	12,943fl.	22,188 00	14,425fl. ½	24,729 86	41.636fl.	71,376 00
8	" 1 kreuzer	70,732fl. 56kr.	121,256 46	63,409th. 15kr.	108,701 57	69,256fl. 16kr.	118,725 03	203,398 27kr.	348,683 06
	Total B		1,504,347 25		1,579,296 82		1,428,659 59		4,512,303 66
	Adding A		19,745,025 29		19,515,165 86		32,125,386 57		71,385,577 72
	General Total		21,249,372 54		21,094,462 68		33,554,046 16		75,897,881 38

EXHIBIT B.

(Presented by MR. PIRMEZ, page 420.

LETTER FROM THE GOVERNOR OF THE NATIONAL BANK OF BELGIUM TO THE FINANCE MINISTER AT BRUSSELS.

Brussels, June 29, 1881.

Sir—You have done us the honor of requesting the views of the Bank on the question of the Single or Double Monetary Standard.

We do not suppose that it was your idea that we should enter into a profound examination of the vast question of metallic circulation, a question which has been further widened by the manifold considerations which have been, in our view, unwisely complicated with it. A volume would be necessary to do justice to the errors, so varied in their nature, which have been put forth, and, let us admit, defended, with passion and with talent, in the numerous debates, treatises, and polemical writings which have been produced on the subject of bi and monometallism.

It seems, therefore, that every thing has been said already, and that the only work which can now be usefully undertaken is to put side by side the various arguments presented, in turn, for and against the double and single standard, and in a manner to institute a comparison between them. The recent discussion in the Monetary Conference, which is still in session, will singularly facilitate this task.

We think that we can the sooner respond to your idea by contenting ourselves with recalling that, on various occasions, the Bank has had reason to make known its views on the question of the monetary standard, and to communicate them to your department, notably in its letter of 28th August, 1873, when, on being consulted by the Finance Minister of that day, concerning the measures to be taken to parry the effects of the depreciation of silver, it declared, that in "regard to the principle of money organization, the unanimous opinion of the Bank Council was in favor of the single standard."

This opinion to which, with unanimity among the members which composed its board of directors, the Bank gave expression, in 1873, is still its opinion; the events which have occurred since then, and of which the letter just mentioned expressed an anticipation, outlined, with some clearness, far from having shaken its way of looking at the matter, have only confirmed it. We remain, therefore, and are convinced partisans of unity of standard.

We think that the simultaneous use of two different and variable units, in order to measure all values, is an attack upon logic and upon good sense.

We think that fixity, which ought to be the *desideratum* to be aimed at in the choice of a measure of all objects, is more surely to be attained with one metal than with two metals, to establish the immovability of which the law is impotent.

We think that money is nothing but a merchandise, which commands the intervention of the State merely that it may certify and guarantee its weight and fineness, and that it is, therefore, impossible to prevent variations of the relative value of the two metals.

Permit us, sir, in closing, to call your attention to the fact, that we have, perhaps, a certain merit in defending this opinion, inasmuch as the opposite view might prove favorable to the present interests of the establishment which we have the honor to direct, and as the considerations which guide us, our solicitude for the general interest and weal of the country, outweigh the desire, legitimate as it appears to us, to increase the profits of the Bank.

It is, perhaps, unnecessary to remind you that speculations in the metals are expressly allowed to the Bank, and that it is better situated than any other establishment, to be enabled to profit by any such variation in the ratio of the two metals, of which the past offers us numerous examples. Nothing, therefore, would be more easy, nor more profitable for the Bank, than to substitute one metal for the other in the circulation, according as it should find it to its advantage to do so. If the Bank is willing to close this source of a profit, which is certain, and which implies no risk whatever, it is because it is convinced that these benefits would be realized to the detriment of the trade and manufactures of the country, for, in its relations with abroad, this trade would have to suffer losses of exchange which would diminish its profits and paralyze its activity.

Accept sir, the assurance of our profound consideration.

(Signed), PIRSON, *Governor*,
WEBER, *Director*.

To the Minister of Finance. (*Acting as Secretary*.)

EXHIBIT C.

(Presented by MR. FREMANTLE, page 422.)

REPLIES TO QUESTIONS PROPOSED BY THE INTERNATIONAL MONETARY CONFERENCE, 1881.

GREAT BRITAIN.—PROPOSITION OF MR CERNUSCHI. *See* page 422.

	OUNCES.
Amount of silver bullion purchased for the coinage of British token coins from 1st January, 1874, to 31st December, 1880	6,606,193
Average price per ounce	$55\frac{10}{16}$
Total amount paid	£1,530,532
Amount which would have been paid if the purchases had been made at 60*d*. $\frac{13}{16}$ per ounce	1,673,913
Gross profit to the State on the purchases made	282,729
Loss to the State by recoinage of silver coin withdrawn from circulation	258,851
Net profit to the State	£23,878

All silver bullion, for coinage, is purchased by the Government, and the profit resulting from its conversion into coin accrues to the State only.

It is not possible to furnish any accurate statement respecting the source whence silver ignots sent into the mint are derived, as almost all the bar silver received is refined in London before its purchase for coinage..

During the period from 1st January, 1874, and 31st December, 1880, no British coins have been demonetized.

PROPOSITION OF MR. LARDY, DELEGATE OF SWITZERLAND. *See* page 421.

It is very difficult to form an estimate of the amount of the precious metals annually used in the United Kingdom in the arts and in industry. The Report of the Select Committee of the House of Commons, on Depreciation of Silver (1876), estimates the amount of silver thus absorbed, at 600,000*l*.

The amount of gold thus absorbed has been estimated at between 250,000*l*. and 500,000*l*. a year, which includes the amount sold by bullion merchants to manufacturers at Birmingham and elsewhere, and also sovereigns taken from circulation by persons using small quantities of gold.

Counterfeit coining is not extensively practiced in the United Kingdom, and every effort is made to repress it.

The average number of prosecutions for making or issuing counterfeit coin, during the last five years (from 1876 to 1880), has been 182, and the average number of persons convicted 209.

PROPOSITIONS OF DR. BROCH, DELEGATE OF NORWAY. *See* page 423.

No gold or silver moneys of foreign countries are received at the English Mint for coinage.

ELEVENTH SESSION.

ELEVENTH SESSION.

MONDAY, *July* 4, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Sweden,
Norway and Switzerland,
The United States of America, and of
France,

who attended the previous meeting, with the exception of Mr. Pirmez, Delegate of Belgium, and Mr. Howe, Delegate of the United States.

The Session was opened at 1 P. M.

Before the Minutes were read, the President thought it right to make himself the interpreter of the feeling of the members of the Conference in expressing to the Delegates of the United States all the indignation and the horror felt by them at

the criminal attempt on the life of the Chief Magistrate of the American Republic. He begged them to transmit to Washington the expression of the warm sentiments of sympathy, and at the same time, of hope, which the Conference addressed to the President of the United States and to the whole American nation.

MR. EVARTS then spoke as follows:

The Delegates of the United States, upon the information, of yesterday morning, that the terrible crime which had brought into the extremest peril the life of the President threatened an immediate fatal result, felt that it would not be in their power to take part in the sitting of the Conference to-day.

They have the pleasure now, in attending upon this Session, to announce that the news from their country continues to give good encouragement of the President's recovery from his wounds.

They desire, also, gratefully to acknowledge the kind and cordial expressions from their colleagues in the Conference, of sympathy in the public and private grief which surrounds the President in his critical condition, and they will hasten to transmit to their Government these sentiments, which have been so warmly expressed by the President of the Conference upon opening this Session.

THE PRESIDENT proposed that, as a testimony of sympathy, this manifestation of the feelings of the Conference should be recorded on the Minutes, and, he added, in agreement with Mr. Evarts, that owing to the better news as to President Garfield's condition, the Conference would not suspend its Session, but would resume its labors.

The Minutes of the Session of the 2d July were read and adopted.

The discussion of the *questionnaire* was resumed.

MR. DUMAS, Delegate of France, spoke as follows:

Gentlemen—In the *questionnaire*, which you adopted some time ago, there are two questions, namely, Questions No. 3 and No. 5, concerning which I ask leave to set forth to the Conference, in a few words, the ideas which I should have offered in the course of the discussion if I had not been temporarily kept away from your later Sessions.

Question No. 3, is in these terms: "Is it probable or not that if a large group of States should agree . . . .

should be the ratio between the weights of pure gold and of pure silver contained in the monetary units?"

Between these two questions there is another bearing the number 4, which, it seems to me, may and should be treated after the other two have been solved, or at least sufficiently considered, because Question No. 4 especially relates to the measures by which one or other of the preceding propositions might be carried out.

I will, therefore, confine myself, at present, to considering Question No. 3 and Question No. 5, in their principles and effects, reserving to myself, if necessary, the right to revert to the details which Question No. 4 may involve.

It is more than half a century, gentlemen, since it came in my way to enter upon studies and labors respecting the monetary question which you are now discussing.

At the date to which my memory carries me back, we were, in France, in presence of a phenomenon which had hitherto passed unnoticed. On consulting the recollections of my youth, I am struck with the fact that we had arrived, under the *régime* of bimetallism, at a state of such perfect quietude in relation to monetary questions, that nobody, it may be said, in France at least, devoted attention to them. Events were allowed to drift, and nobody appeared to understand that there might be questions calculated to lead to derangements and difficulties either for the State or for individuals.

At that time, however, I found that as regards France in particular, of the total production of 200 millions of francs of silver, France every year, on the average, retained 100 millions, thus yearly augmenting her stock of money. This circumstance, I repeat, had passed unnoticed. The Ministry called upon to examine the question felt that a serious problem was before it. A commission was appointed, composed of competent persons, very few in number. The Commission started with the fundamental idea that France had adopted silver as the principal standard, and that the silver franc was the basis of her monetary system. If silver entered France in more considerable quantity than appeared necessary for her own circulation, and if, at the same time that silver took the place, in large part, of an equivalent quantity of gold which was sent abroad, consequently, the mass of gold existing in France was seen to be diminishing at a very rapid rate, and th

danger was that it would disappear altogether, it was necessary to consider the question of withdrawing its legal tender power, or, at least, that it should be reduced by diminishing the weight of the 20-franc piece to a value which would no longer allow of its exportation. The Commission, of which I was the organ, concluded by saying that, in lieu of coining 155 twenty-franc pieces, 158 should be coined out of a kilogramme of gold. It was silver monometallism which was proposed, gold losing entirely, or, at least, in a considerable degree, its paying power.

Among the 12 members of the Commission, there were, however, some, and they were not the least competent, who had no strong sympathy with the idea of suppressing, or even of reducing, the functions of one of the money metals.

It was these Conferences, which were kept secret, which led Mr. Michel Chevalier, who, however, had not been a member of that Commission, some years later, to make a sweeping proposition of silver monometallism, and the reduction of gold to the rank of a token.

Every body knows that, later on, Mr. Michel Chevalier changed his opinion, and proposed to give gold a monometallic value, and to put silver in an inferior position relatively to gold.

Need I add, that, in the presence of natural or economic phenomena, which have so often in these 50 years altered the respective situation of the two metals in the circulation, the opinions I heard maintained in my youth by the men most enlightened on financial questions, have come back to my mind with fresh force? After having been inclined to regard silver as the type money of our country, and gold money as properly subordinate to it, I have understood that the most eminent financiers, who were good enough to make me the confidant of their sentiments and opinions on this subject, were in the right, and that bimetallism was the necessary and inevitable condition of the situation in France, or better, of all other countries.

On studying the question with attention, it will, indeed, be acknowledged, and you have yourselves since this Conference was opened too often heard it proclaimed, that from the origin of civilization, from those remote epochs to which history, or monuments, enable us to go back, we see gold and silver acting together as money, representing all values in commercial transactions.

It may, therefore, be said that there is a necessity, I might say natural necessity, for the simultaneous use of gold and silver at all times and in all countries.

occurred, nobody here ventures frankly to approach the question and declare, in an unqualified manner, that the simultaneous use of the two metals should be definitively abandoned.

Among the considerations which seem to me to govern the question, there is one which I ask your permission more particularly to point out. If we consider the relative situation of the two metals prior to the discovery of America, it will be recognized that the rate of equivalence in weight between them was not, so to speak, variable. It was between 1 to 10, or 1 to 13, that in those remote times, oscillations occurred in the relative value of gold and silver in the monetary circulation of the various countries.

That this relation was not absolutely stationary is in no way surprising; that it varied in different countries, especially at a time when the movements of persons, merchandise, and of metals were neither very certain nor very easy, that this ratio, I say, oscillated between 1 to 10, and 1 to 13, is, in no sense, to be wondered at.

The imperative conclusion is, that it is a fixed ratio, not that it is a variable ratio. If account is taken of the permanence, or of the limited variations in the relative value of the two metals, it will be acknowledged that the fact arose because that ratio was established, not over small numbers representing petty populations, but over large numbers representing the entire population of the civilized parts of the globe at that date.

Only by applying the theory of large numbers to ratios, which by their nature would seem variable, can we understand how it is that from the time of Alexander the Great, for instance, to the discovery of America, the ratio between 1 to 10, and 1 to 13, is that met with in nearly all documents and historical records.

That this ratio was transformed at the time of the discovery of America, is not at all strange. Silver suddenly arrived in very large quantity, as compared with gold. The discovery of America not only once made, but its consequences a little developed, the ratio of gold to silver changed in Europe owing to this invasion of the white metal. This is the less extraordinary, because at the time in question the mass of metal in circulation was singularly reduced. Historical circumstances, on which it is not necessary dwell, had led to such an impoverishment of metal, that wher

metallic wave of America arrived, it fell on so low a stock that its invasion caused a prompt alteration in the historic ratio.

But this sudden change once effected, was not the phenomenon which had occurred before the discovery of America again realized? Did we see, as long as no derangement was caused by artificial measures, as long as the slow-working operations of commerce were not interfered with, did we see, I say, the ratio between gold and silver vary to a disproportionate extent after the discovery of America? No. You find it rising to 1 to 14, or even 1 to 16. And when I say 1 to 14, or 1 to 16, does this mean that the ratio was necessarily 1 to 14, at one time and in one place, and 1 to 16 at another time and in another place? No, this nearly always arose from special and temporary circumstances, which disappeared in time and were lost in the mass of the general ratio which all the world had accepted. Indeed, the ratio of 1 to 15½ which we maintained without disturbance for the first 50 years of this century approximates to the ratio existing in Louis XIV's reign; we discover it under Louis XVI.; and it still represents a ratio accepted, I may say, by the unanimous consent of nations since France made it the basis of her monetary system.

Does this mean that it is a natural and necessary ratio? No; but it means that when this ratio has been admitted by a certain number of States, the great numbers which come in, through its application to a widespread population, cause the small monetary or local variations to disappear, or to be subordinated and controlled by the mass of the metals in circulation amid populations who have accepted a common ratio.

I lay stress upon this consideration, because it is really at the foundation of the special discussion to which I desire to confine myself.

It is quite clear that if one should say to-day, "there is a nation which has the pretension, in the present state of the civilization of Europe, and of the rest of the world, with the facilities of communication existing between all countries, and with the enormous extent of commercial relations between one nation and another, there is, I say, a nation which has the pretension of fixing this ratio," it would be senseless. Whatever nation should undertake it, would be punished for its presumption. Recent examples have thrown the clearest light upon this point. A ratio of this kind can only be adopted effectually, and permanently established when great nations, representing numerous populations, submit themselves to such a rule. That system will then last for a time more

or less long, but it will last, at least, for a sufficient number of years, perhaps even for centuries, to be considered endowed with substantial permanence.

If one desired, indeed, to picture to himself the consequences that would ensue, if, instead of acting on the basis of large numbers, a small number should be taken, as is sometimes done in operations of this kind, I should say:

There are on the globe three kinds of countries; there are the countries which produce gold and silver; there are the countries in which this gold and silver is diffused, or in which they serve for all the operations of commerce and the requirements of life; lastly, there are the countries in which these metals are lost, and disappear. There are, consequently, producing countries, enjoying countries, and absorbing countries.

The producing countries are well known; the enjoying country is essentially Europe; the absorbing country for gold is also Europe. When you review the progress of the production of gold, you find that that production had always, as a starting point, a particular part of the globe; that it was diffused over the rest of civilized countries; and when you inquire through what phenomenon or in what manner it disappeared, you find nothing. This gold disappeared of itself; was consumed on the spot, and we know of no country which is especially an absorbing country for gold.

Silver is not in the same position. From the discovery of America, and ever since, America produced the large quantity of silver with which it for some time flooded Europe—I do not speak of modern times—we have seen that of the 200 millions I mentioned just now, 100 millions came to France, and stopped here, while the other 100 served for carrying on the trade of Europe with the extreme East, and were ingulfed and disappeared in China and India. The Mexican or Peruvian current, which brought silver to Europe, left a part here, and then by a regular movement passed on to lose itself in the extreme East. Europe did not possess in sufficient degree the faculty of absorbing silver, while for gold this full power of absorption existed.

The gold which came to Europe remained here, while of the silver which came here, half was left here, and the other half disappeared in the extreme East.

Now, what has happened in these latter days? When it was seen that the supplies of silver were becoming more abundant, was any care taken to cause a more abundant absorption of the

silver thus arriving in excess? No, the opposite course was taken. Instead of spreading this silver over a wider area, the field over which it could extend itself has been more and more narrowed; yet, how then can any one be astonished that after having limited the use of silver in proportion as it became more plentiful, silver has lost, at least as an ingot, a considerable portion of the value it formerly possessed. This was sure to happen, naturally. No one has any right to be surprised at the consequences produced by this necessity, which was felt of closing the workshops to the mintage of silver, and of thus diminishing, by half, the market for the silver reaching us from producing countries.

Permit me to make a comparison. You have a reservoir of 1,000 cubic meters, it is full of water. If it suddenly received another 1,000 cubic meters of water, there is a deluge; that is evident. But if, instead of 1,000 cubic meters the reservoir had had 10,000, the level would have been raised a little; there would have been a slight temporary inundation, and there would have been an end of it. If the reservoir had had a million meters, the 1,000 meters you added would have been lost in the mass, and would have disappeared without apparent disturbance.

This is just the case with the production of silver, and in general of the precious metals relatively to the nations which receive them. If these nations are numerous, if their population is considerable, the silver or gold arriving every year to increase the stock will disappear in the mass. If, on the contrary, the nations and the population who accept these metals are yearly reduced in number; if the mass of silver or gold which is produced continues to be the same, the value of gold and silver will suffer a depreciation which may undoubtedly disappear later, if a change of circumstances should take place.

The civilized countries represent two large lakes, in which the mass of gold and of silver which the mines produce within a certain time loses itself; in the lake of gold the supplies which arrive in excess are distributed in more or less time, and for the needs of circulation, there has hitherto been no occasion for concern as to the disappearance of gold. As to silver, which now arrives in more considerable quantity, if it be desired that its lake should not overflow, it is necessary, so far from diminishing the coinage of silver, so far from diminishing the number of nations which accept silver as a monetary paying metal, it is necessary, I say, to augment the numbers of nations, to multiply the consum-

ers, and in this way to give greater room to the metal which arrives in greater quantity.

These considerations lead them to the maintenance of a ratio, which is, I will not say a natural ratio, but a ratio created by very legitimate circumstances, the ratio of 1 to 15½ between gold and silver.

Why that ratio rather than any other? We are in the presence of three hypotheses: First, Gold monometallism; silver becomes merchandise; no fixed ratio between the two metals; second, Bimetallism with a new ratio to be fixed between silver and gold; third, bimetallism with the ratio of 15.5. Lay aside monometallism. If we adopt bimetallism we may consider gold and silver as having a ratio to be fixed, or as having a ratio already existing.

A ratio to be fixed, where would you find it? In the present position of the relative value of gold ingots and silver ingots? But this relative value is temporary, arbitrary, fictitious; it is solely the result of the fact that the consumption of silver has been cut off by a *coup d'etat*. If the consumption of silver were restored, the ratio would change. I do not say that it would immediately become again 1 to 15½, but it would not be at the point where it now is, and it would speedily approach 15½. Would you take another ratio than that of 1 to 15½? How difficult it would be to find a ratio satisfying at once historical traditions, present conditions, and future conditions? With the ratio of 1 to 15½, historical traditions are respected, the difficulties of the present are removed, the conditions of the future are guaranteed; as to the difficulties of the present, which are transitory, they would disappear with the causes and circumstances which created them. It is quite certain you would find no embarrassment in restoring the ratio, which was chosen by France and accepted by the Latin Union, and have been adopted during a long space of time in other countries. From the standpoint of accomplished facts, its regularly established existence dates from nearly a century ago, while its origin is still more remote. It is based to-day upon an enormous metallic mass, which would have to be melted down and recoined, if the ratio were abandoned. All these reasons authorize me to believe that the small difficulties which would be encountered in taking the ratio of 1 to 15½ as the basis of new concurrent action, would be temporary difficulties, disappearing with the accomplishment of facts. It would at once give full satisfaction to the general interests of the world, and to the special interests of the nations engaged in the matter.

In the considerations which I have just had the honor of presenting to you, I regarded the civilized countries as representing two great lakes in which the gold and silver extracted from the mines came to discharge their respective streams, and I remarked that if the relative supply were different, the surfaces of the two lakes might be further and further from equality of level. A canal of communication between them was needed to maintain the equilibrium. The legal ratio of 1 to 15.5 has filled this office, and would continue to fill it, if all nations had adopted it. A proportional diminution in the product of the mines of the two metals causes the same fall in both reservoirs. If one should fail and the other be in excess, the communicating canal would offer exit to the metal in excess, and the level would be maintained undisturbed.

There is one point which has been neglected by me, viz: whether the value of the two money metals, which presents no natural fixed ratio has or has not a fixed relation to the labor, or to the merchandise which each of these metals is destined to represent or pay for.

Now, it is quite clear, I think, to every body, that the value of gold and silver is no more stable, relatively, to labor or to merchandise than is the relation between the metals themselves. There is no natural law which indicates that there will be constant relation between the price of wheat, for example, and the weight of gold, or of silver, which represent it in the market. These quantities vary with time. There is no natural law which says that the ratio between the weight of the gold and silver extracted from the bowels of the earth and put in circulation, will be always 15½ to 1. There is no natural law for this, but there is a natural law which says that, when you deal with very large numbers, the slowness with which the metal which already exists in considerable mass, is affected by small additions, allows the alteration of value to move by degrees, which are insensible during a generation, or even further. That the ratio between gold and silver is sometimes necessarily variable, but varying, now in one direction, and now in another, that is certain. That, if we should take the production of these metals each year, in order to make it the rule of all the transactions of commerce in all countries, we should be liable to sudden variations, is not less certain. But when the new yield is once merged in the stock in general circulation, the small quantities being lost in the large, if the ratio varies, it varies only in insensible quantities every year.

If you regard the mass of a population, men and women, you per-

ceive that they are born in about equal numbers, but, at a particular time and in a particular village, girls only are born, for several years. This phenomenon is not observable when you take an entire department, much less when you take a nation. So, likewise, the ratio between the production of gold and silver, localized in small quantities and small proportions, may present varying results; but, when looked at after merging the small annual production in the quantity forming the aggregate stock of all nations put together, this slight difference in the ratio of each year's production entirely disappears; or, at least, but very slightly affects the general ratio, and tends to become insensible for individuals and for States.

It is, therefore, I repeat, in consequence of the magnitude of the number of consumers that the ratio, naturally variable between the yield of gold and of silver, must be considered as having, so to speak, a constant value. To say that that ratio should be invariable, is not possible. To say that, because the ratio varies, the legal ratio should annually, or, from time to time be changed, would, in my opinion, be very dangerous. But to say what seems to me verified by past history; that, though this ratio varies from year to year, though this ratio presents difficulties calculated temporarily to disquiet the public mind, yet, when the mass of silver and gold falling into the general circulation is so slight compared with the mass which receives it, the conclusion is that the ratio of the two masses remains almost permanent, at least practically, which is the only question we must have in view.

It is the more reasonable to look at the facts in this way, because, after all, when you come to consider, there are, in a population like that of countries now civilized, or accessible to commercial operations, nearly 100 millions of people to whom gold is necessary, and is the object of preference, whereas, there are 900 millions who prefer silver. You are, consequently, confronted by 1,000 millions of people on the globe, of whom nine-tenths find silver the metal best suited to them, while one-tenth prefer gold. A market for both metals is therefore possible and necessary; it is indispensable for commercial operations, and any one who should argue that silver can be dispensed with, when nine-tenths of the population prefer it, would seem to me to commit an economic blunder, with which I can have nothing to do. It is true, I have heard it said, not only here, but often elsewhere, that gold is the metal of privileged countries, countries whose civilization is advanced; that silver is the metal of backward countries, barbarous countries,

countries of inferior civilization. The yellow metal is noble; the white metal, plebeian.

I confess, I have never been struck with this reasoning; that I have never found it applicable to monetary facts. It has always seemed to me, that among the races of men there were some who preferred gold as ornament or money, and others who preferred silver. In all countries there are, in this respect, both civilized and barbarous people. Looking at France, for instance, there is no doubt that at Paris, Lyons, and in the large towns, there is a civilized portion of the population who like to handle gold, who, from time to time, require to pay a million, and who, having 100,000 or a million francs to pay, object to transporting a million in five-franc pieces. This is quite possible; but we have in France regions called Auvergne, Brittany, Cevennes, Lozére, in which there are, so far as this point is concerned, real barbarians, to whom gold coins seem things difficult to handle, and while five-franc pieces are, on the contrary, coins whose weight and value please them. People have not, every day, to pay bills of 100,000 francs, or a million, but they have every day to pay their butcher, baker, shoemaker, they have every day to do with a kind of money inferior to gold, if it is to be called inferior, for it is simply a money which fulfills its office, and which, in this respect, is not inferior to the other. It, therefore, seems to me quite natural to say that there is room in all countries for three kinds of money, gold money, silver money, bronze money. They each satisfy different requirements; they are each fitted for their office; and, because gold suits a portion of the population which is refined—civilized, if you like, but a little fastidious in its tastes, and lavish in its habits, the middle and lower part are therefore to be deprived of the means of exchange suited to them; that is reasoning in a manner which is entirely erroneous.

To say that there are nations entirely composed of people belonging to the higher portion of civilization, and others entirely composed of barbarians, is not the fact. There are civilized portions in all nations, there are portions in all nations which you call barbarian; every-where there are countries which are advanced; every-where there are countries which are backward; and I do not think there is any thing uncivil to France and England, for instance, in saying that Brittany, Auvergne, or Cantal, are not as civilized as Paris, and that Ireland or the Scotch Highlands have not inhabitants such as are found in the wealthy parts of England. Every country has, therefore, so

far as its habits in the matter of money are concerned—its barbarism, if you call that barbarism; every country has its civilization—or, let us say, each country has need of different kinds of money.

Now, I was consulted long ago, at a time when questions of this class did not attract much attention in my country; and when, having busied myself with them rather more than others, I had, from time to time, occasion to give opinions on matters which hitherto had appeared very obscure; I was consulted, I say, on this point; how much fractional money is required in France per head?

How much bronze money is required in France per head? Now, on recurring to the ideas I have just expressed, and, considering the documentary evidence on the subject, I arrived at the conclusion that two francs of bronze money were necessary per head, and six francs of silver fractional money.

I enunciated that opinion, and the then Minister of Finance took it into consideration; it served as a basis for the legislation of the country, and I have the satisfaction of seeing, after many years, that the six francs of silver fractional money have been neither too much nor too little, that the two francs of bronze money have also been neither excessive nor deficient. The circulation is satisfied by means of these two issues without embarrassment, without difficulty.

I was asked, at the same date, what was the proper circulation of gold and of silver having an international character, for the bronze coins and the fractional silver coins are domestic money.

I had estimated the quantity of gold or silver money suitable for all needs of the inhabitants of our country at an average of 100 francs per head. The relative amounts of gold and silver coin remained dependent on the chances of their mintage, which was free, and could be augmented or diminished, their equivalence in paying power being established.

Since then I have often been asked whether the formula I proposed at that time had been verified by facts. I am obliged to answer that nothing has occurred to disturb the proportion I believed myself able to establish in estimating at four milliards the quantities of gold and silver then existing in circulation in France for a population of about 40 millions, Algeria included.

I believe that that formula is still practical and sound. If it is practical and sound, and, if it were applied to Europe, to Asia, and to America—that is to say, to large populations—if it could be applied to all countries which might take part in a transaction of the kind which occupies us, you see, at once, how a market for

the precious metals, gold and silver, would be insured for a long time.

For my own part, I am quite certain that, whenever all the countries which have been hitherto obliged to retain the forced currency of paper, return to a metallic circulation, we should easily arrive at a similar employment of gold and silver, even if we assume that France loses her special taste ascribed to her for hoarding specie—a taste evinced, it is true, in various ways, and that she ceases to maintain 100 francs as the quantity of her stock of coin *per capita*.

Diminish it, reduce, if you like, to 60 francs *per capita*, the average figure which the various parts of the world might require for their population, there would still be room for the quantities of silver and gold which would present themselves, even assuming that the mines maintain the ample yield with which they have, of late years, favored us.

But here arises a last observation on this point: are you sure of maintaining, for the yield of gold and silver, the conditions which have, of late, been realized? Without wandering into scientific s ms, we may say that, as regards gold, the production is so intermittent that nobody can tell what it will be in ten years. The gold placers are nearly always exhausted in a very short time, even after having yielded large quantities of gold. Since the origin of civilization, gold countries have enriched their first owners, and then have ceased to produce, precisely because the sources of the gold were placers in which the metal had been accumulated by the phenomenon of its transport to them, and were not mines with regular lodes in their normal position. The extraction of gold is a thing which appears in one country, disappears, arises in another, again disappears, and so on. I have seen, in my youth, gold washers in the South of France, and, since the time of the Phœnicians, they had been extracting particles of gold from the rivers. To-day, in the same localities, I find men who earn in other ways twice as much as they earned by picking up gold in the river, and who have abandoned that industry. I do not cite this example as of much account compared with the great production of gold occurring in other parts of the world; but, still, it gives an exact picture of what has occurred there. When gold has given rise to the working of it, at the end of a short time the placer is exhausted, and the diggers are forced to quit the locality and go elsewhere. It is not so with silver. Silver is, in general, extracted by the regular ways of working the mines; there are regular lodes, sometimes of great importance by their thickness, at other times by their rich-

ness, and they generally present such conditions of working that it may be made regular, extended over long periods of time. When the question arises of choosing a standard which has a fixed value, is it not better to adopt silver in preference to gold? Is not silver a metal of more stable value, which, for ages, can maintain fixed relations between production and consumption? In gold we have a metal subject to continual fluctuations, exposed to unforeseen commercial combinations, which drive out gold, or accumulate it in a given country through proceedings which governments, and especially individuals in particular, are often incompetent to comprehend.

The conclusion I am led to draw from these observations is that there is very little reason for abandoning the principle of bimetallism, and the ratio of 1 to 15½; that there are, on the contrary, many reasons for retaining the two metals in circulation with their full paying power, and that there are very cogent reasons for maintaining the ratio of 1 to 15½, which has already been accepted in a great part of the world.

And now what are the inferences to be drawn from these general principles, assuming them to be admitted? Assuredly it is not for me, at my age, in the position I occupy, and far removed as I am from public affairs, to give practical advice. The difficulties are so great as to require from all the States interested in the question such thorough reflection that the question can not be solved in a day.

For fifty years I have seen the most prominent men differ in their opinions on monetary questions, and I am convinced that to form a decision in the matter is a difficult task for the best minds, especially as such decision, even when put forth by the most competent, will meet much opposition. It is necessary, therefore, within proper limits, to allow time to bring about the conversion of those who are interested.

But can not measures of immediate effect be adopted? If gold be a metal which is needed, for the reserves of great banks, for the great transactions of commerce, and for the habits of fashionable life, it is not less true that silver is indispensable for the ordinary uses of life, for the domestic needs of every family, for the every-day work of manufactures and of agriculture. If gold is coined in a country as the metal necessary for large transactions, why coin 10-franc and 5-franc pieces, or the like, in gold? It is a mistake. These 10-franc and 5-franc pieces should be left to their real destination—that is to say, to silver coinage. They belong to a medium

class of consumers, upon whose support they can rely, and whose wants they satisfy.

Another blunder we have committed is the manufacture of silver tokens—that is to say, small change silver of inferior fineness to that of 5-franc pieces. The service rendered by silver small change brings it, when it is of rather a high value, near the 5-franc piece. When it is of inferior value, it approximates to bronze. It should not compete with bronze by being made a token; it should not stand far apart from silver coin, properly so called, when it has a value, for instance, like that of the 2-franc piece. It is necessary, then, to do away with the 5 and 10-franc gold pieces, and to replace them by silver pièces; to do away with silver small change of inferior fineness, and to replace it by silver nine-tenths fine. If these two operations were effected, they would aid in restoring to silver the favor it seems, of late, to have lost. The assent of the people would show that the right path had been found.

Add to these measures, which are of a temporary nature, yet would have a permanent effect, another measure which so commends itself equally to attention; I mean the question of the charge for coining gold and silver. No doubt, when one looks at the recompense for the service performed for the owner of the ingot, it ought to be in proportion to the labor which he has exacted. Nothing is more legitimate than what has hitherto been done; but see how unfavorable to silver is this procedure of converting silver into specie as 5-franc pieces, and of converting gold into 20-franc pieces. The difference of expense is 1 to 3, and even more, against silver. It costs 7 francs 50 centimes for a kilogramme of gold; it costs 23 francs 50 centimes for making silver coins equivalent to a kilogramme of gold. Thus, every thing has latterly tended to place silver in an unfavorable situation, and more than one of these discriminations might be redressed by simple measures of internal regulation in each State. If these internal measures were adopted, they would have the advantage of showing the public that a definitive solution was in preparation, and they might lead opinion to express itself in favor of that definitive solution.

A word more. There are four interests in the question before us. There is, first, the State; there are the State banks; there is free commerce; lastly, there are the consumers I have known the time when the State shut its eyes to monetary matters, when the State banks paid no attention to them, and when the consumers naturally looked on all these matters as foreign to them. Who did, then, pay attention to them? It was free commerce; it was the

banker who took silver in our country and sent it elsewhere, where there was a premium to be gained, and who took gold in its turn and sent it where he could make a profit out of it. The principle of these operations passed unnoticed by three of the four parties interested, the State, the State banks, the consumers, and received the attention of only one class of persons—certain bankers who were accustomed to trade in gold and silver on a large scale. The time for this has passed; the State has seen the danger to itself of letting such events pass by without its interference. The State banks have now perceived that the Bank of England offered an example which other countries would do well to imitate. Lastly, the general education of the country is such that the consumers themselves have found enlightened representatives of their interests. To-day, when one puts forth his advice, supported by proofs, he will find appreciation of it in the State which feels itself affected, in the State banks who know that they are interested, in the consumers, whose eyes are now opened, and who begin to understand that it is not immaterial to them whether the price of their merchandise varies without apparent cause, whether silver is 200 francs a kilog. at the time they buy it to pay for their raw material, and 160 francs at the time they receive silver in payment.

The State, free commerce, the producer, the consumer, are aware that these are questions in which their interests are very closely engaged. The time has come, then, to ask a solution; not from free commerce; free commerce will always claim its liberty, it will wish to be able to send its ingots in one direction or another. This is business, and we can not require it to look at business in any other way. Not from consumers, that is to say, from persons for whom these matters have not a sufficiently protound interest, but from the State banks. With the broad and enlightened spirit which their directors bring to the affairs intrusted to them, if they should assist in the efforts of the various States upon which they depend, they would make a beginning in the solution of the matter. The State alone, I fear, with all respect for the convictions of my honorable colleague, Mr. Cernuschi, is not sufficiently adroit to conduct such operations alone. But when the State has the great banks on its side, which are bound to the State by contracts, and by common interests; when the State and these great banks have agreed on adopting a certain principle for the coinage, and to temper the application by intelligent management, free commerce will be controlled, and satisfaction will be given to consumers, whose interests should be guaranteed.

To recapitulate: there are in all countries hills and plains: as to the hills I have no concern about them; they demand gold, let us give them the satisfaction of handling handfuls of it if they will or can, they will always find their interests satisfied. What touch and interest me are the plains, extensive, covered with an abundant population—a population which labors, lives on little, can be poor, can be frugal, and has need of a money suited to it. It is for its sake that I demand the maintenance of that silver money, legal tender within, international without, which I consider not only as the money of the middle class in its daily needs, but of the artisan, of the laborer, of the part of the nation the most interesting, the most considerable, and the most worthy of interest. For its sake, I repeat, I dread to see silver disappear, to see it lose its paying power, pass to a degraded state in public opinion, because every thing in that direction will be a suffering for it, without being an enjoyment for the elevated part of the population, so often spoken of as representing civilization, culture, wealth, power. No, the wealth of a country, its importance, its power, are not on the summits; they have their home below, also, in that population that labors, that produces, that saves, and for which gold is so often a chimera, and silver the daily bread and the safeguard for the morrow.

MR. SCHRAUT, Delegate of Germany, read the following address:

Mr. President, and Gentlemen—After the discourse we have just listened to from our illustrious colleague, Mr. Dumas, allow me to say a few words on the way in which I look personally at the third interrogatory.

I do not dispute that the re-establishment of the free coinage of gold and silver at a fixed ratio, in a certain group of States, would raise the price of silver to the rate corresponding to that ratio, and that its future oscillations would be but insignificant. Accidental perturbations would be the less to be feared if we succeeded in guaranteeing the mints against an unforeseen and extraordinary influx of the white metal. The best means, in my opinion, of arriving at this object, would be to make the use of silver general in all countries, as remarked by several of our honorable colleagues in the course of our first sessions.

A first step would be taken in this path if all the States which have issued paper money notes below 20 francs would call them in, and replace them by silver money. I reckon among these States not only the States with forced currency paper money, but also the

United States of America, which have issued a considerable quantity of one and two-dollar notes. It would also be expedient, as our illustrious colleague, Mr. Dumas, has shown, to do away with the small gold coins, and to replace them by silver, the consumption of which would be augmented in direct proportion to the withdrawal of small notes and of small gold coins. We should thus arrive at keeping the fluctuations of the price of the white metal within narrow limits.

THE PRESIDENT announced that Mr. Fremantle, the British Delegate, deferred till the next session the communication he had expected to be able to make to the Conference at to-day's meeting.

COUNT RUSCONI, Delegate of Italy, reserved his right of speaking after the communication announced by the Delegate of Great Britain had been made to the Conference.

MR. BROCH, Delegate of Norway, desired to say only one word to express his concurrence, in great part, with the remarks of Mr. Dumas. But he desired to call attention to the fact that the proposals submitted by his illustrious colleague differed, in his opinion, from those formulated by Mr. Cernuschi.

The theory of Mr. Dumas tends to restrict the coinage of silver, and not to authorize the free and unlimited coinage of that metal. The State and the State banks would undertake to supply the requirements of commerce, and to the degree which should be deemed necessary. Now this system would have a great chance of success; it was the very system already adopted by a certain number of States.

Mr. Dumas, moreover, thought, as Mr. Broch had himself pointed out in a previous session, that 10-franc, 5-franc, 10-mark, and 10-shilling gold pieces should no longer be coined, in order that the use of silver might be proportionally increased. This, again, was a point on which the monometallists agreed with him, just as they were unamimously in favor of retaining the use of the three metals. But what they could not accept was the unlimited coinage of silver. Left to State banks or to governments, the coinage of silver would inspire no disquietude, because governments and State banks would not abuse the faculty allowed them. But this system could not be confused with bimetallism as understood by the honorable Mr. Cernuschi.

MR. DUMAS recalled that in the course of negotiations carried on

a few years ago, between Austria and the States of the Latin Union, he proposed, and had nearly witnessed the adoption of a 25-franc gold piece which was to serve for international use, and which representing, as it did, 5 dollars, 10 florins, or a sovereign, seemed likely to be favorably received by the public, and destined to render very useful service.

MR CERNUSCHI, Delegate of France, before submitting a document which he had to present, wished to make some observations on what had been said in the course of the session. All the measures recommended to the Conference were only half measures; they looked only at small sides of the question, and, consequently, could serve for nothing. If certain small gold coins were abolished the evil would be none the less great. England, said Mr. Cernuschi, is under that system. She has no 5-shilling gold coins, and but very few half-sovereigns. She coins, on a larger scale than elsewhere, small silver change, which, for that matter, people accept and use in all their daily transactions, and which they pay out without concerning themselves with its weight or fineness. This silver money, which passes like gold in internal transactions, what value has it from an international stand point? No value at all.

The internationality of silver, at 15½, is the point to be arrived at. Without internationality nothing is effected. What matters it whether silver rises to 59*d.* or falls to 40*d.*, if, Europeans and Americans, we continue unable to coin this metal freely, and are unable to use it in paying each other? Even if the little combinations recommended brought us back to the rate of 59*d.*, this would be a thing to be regretted, because the general conversion to bimetallism would be proportionally delayed. We must have all or nothing.

Mr. Cernuschi read the reply of the French Government to the questions put by Mr. Lardy, Delegate of Switzerland, at the session of the 10th May, on the industrial use of the precious metals. He remarked that the value assigned, in this note, to silver ingots, was necessarily erroneous, it being estimated at the ratio of 1 to 15½, which had ceased to be the fact.

He could not, moreover, omit calling attention to this strange position of the partisans of gold, who, perplexed and uneasy, were forced to institute inquiries to ascertain whether there was not too great a consumption, for industrial purposes, of this precious metal on which they made their whole economic life depend. Bimetallists had none of these perplexities, disquietudes, and troubles. What was produced or what was consumed, of either metal, was

immaterial to them. For them there was but a single monetary mass, composed of all the gold and silver which the age had accumulated. Whatever was consumed in the year, of either metal, reduced, by so much, the increase of stock from the annual yield. That was all. Bimetallists were not disturbed on that score. Just as the relative value, established by law, was not influenced by the production, no more was it by the consumption of either metal. Here was certainly an unquestionable superiority of bimetallism.

The note presented by Mr. Cernuschi was ordered to be inserted at the end of the Minutes.[1]

MR. DUMAS was anxious to point out that this note did not include the use of precious metals in galvanized plating or photography, a use which, especially as to silver, had been very largely extended of late years, and would still go on increasing.

MR. LARDY, Delegate of Switzerland, thanked Mr. Cernuschi and the authorities of the French Mint for the interesting return just presented, on the industrial consumption of the precious metals. He should await the printing of the similar documents already submitted by the Delegates of Austro-Hungary, Great Britain, and Norway, before entering on the consideration of the conclusions to be drawn from these returns. The work of the Conference was, moreover, sufficently advanced for that examination to be left to the Governments rather than to the Delegates. He confined himself to recalling that, in asking for an investigation of the question of the industrial use of the precious metal-, he had no preconceived idea. In proportion as the industrial consumption of gold was very considerable, compared with the production of that metal, the results of the inquiry might imply the necessity of advancing, with great moderation, on the path of the adoption of the single gold stan lard. This fact was unfavorable to the monometallic thesis, but proved, at the same time, that, in a given country, industrial demands might occur calculated to modify the relative value of the precious metals, which fact again impaired the bimetallist thesis that "law alone creates the value of money." Switzerland, whose jewelry and watch-making industries were much developed, had had, at various times, to suffer, in a monetary point of view, from the demands of industry. She was obliged, about 1860, to reduce to eight-tenths the fineness of her silver coins, which had been going straight from the mint into the cruci-

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[1] Exhibit A., p. 469.

ble of the watchmakers. At the present moment, one might be certain that 5-franc pieces were no longer melted down to make silver watches, but the gold coins manufactured by Switzerland would not fail to be put into the scales, and all above the legal weight melted down.

Mr. Pierson, Delegate of the Netherlands, thought it would be very advantageous that the various Governments represented at the Conference should be enlightened as to their reciprocal intentions. With this view, in obedience to the instructions* of his Government, he communicated to the Conference the following declaration:

DECLARATION OF THE DELEGATES OF THE NETHERLANDS.

The Government of the Netherlands is of opinion, like several members of this Conference, that the fall of silver and its great oscillations of value are a great evil.

It also thinks that the simultaneous and unreserved adoption of the double standard by all the great States of Europe and America, would be the true means of remedying that evil.

It would scarcely hesitate, therefore, to propose to the States General, the re-establishment of the unlimited coinage of silver, at present prohibited, both for our country and for all its colonies, as soon as the double-standard system should have been adopted over an area as vast as that which we have just indicated.

But our Government would not engage to act thus, if that system be established only over a more restricted area. As long as it is ignorant what guarantees would be given for fixing, as far as possible, the ratio of value between the two metals, what States would adopt the bimetallic system, and what concessions would be made by the other States for facilitating its success, it is impossible to judge of the advantages and inconveniences there would be for the Netherlands and its colonies in re-establishing the unlimited coinage of silver, even maintaining the legal ratio between that metal and gold, which is now not 15½ but 15⅝.

While, however, reserving its entire liberty, the Government of the Netherlands does not peremptorily reject any project of establishing the double-standard system in an area comprising only several great States of Europe and America. Such a project, if proposed at the Conference, would doubtless be taken into very serious consideration by the Netherlands.

This Declaration was ordered to be inserted in the Minutes.

Mr. Evarts tendered the apology of Mr. Howe, whom the state of health of Mrs. Howe had forced to leave Paris and start for the United States.

The President begged Mr. Evarts to convey to Mr. Howe the expression of the warm regard of all the members of the Conference, as also the expression of their good wishes.

The discussion of the *Questionnaire* was adjourned to Wednesday, 6th July, at 1 p. m.

The Session concluded at 3 p. m.

EXHIBIT TO THE ELEVENTH SESSION.

EXHIBIT A.

(Presented by MR. CERNUSCHI, page 465.)

RESPONSE OF THE FRENCH GOVERNMMENT TO THE QUESTIONS FORMULATED BY MR. LARDY, DELEGATE OF SWITZERLAND, IN THE SESSION OF 10TH MAY (page 114).

1st. What is the importance of the industrial use of the precious metals, and, notably, of gold?

R. Independently of coinage, gold and silver are employed in manufactures in the following uses:

- Watchmaking,
- Jewelry and trinkets,
- Galvano-plating,
- Photography,
- Decoration,
- Furniture,
- Cloth,
- Sculpture,
- Arms.

Of all these uses, the only ones with regard to which the Government has information, are those connected with watchmaking, jewelry, and trinkets. The consumption of gold and silver in these industries is considered to be most important of all.

	Kilograms.	*Francs.*
The amount of gold employed for these purposes annually is estimated at........	14,000	....
It may be assumed that the average of this metal is 740 fine, or worth in round numbers........	....	35,600,000
It is admitted that quite a large proportion of the metal which is manufactured escapes registration through fraud—one-third, one-fourth, or one-fifth. Say one-fifth........	*Kil* 2,800	7,100,000
The coinage of medals absorbs about........	100	
At .916 fine........	....	314,000
Total........		43,014,000

The preceding figures have been established by the official statement of the manufacture; and they have, therefore, great statistical value.

The amount of silver employed in manufacturing, for the same purposes are respectively:

	Francs.
Watchmaking, 80,000 kilog, at an average .940 fine............	16,585,600
Manufacture of medals, 2,379 kilog, at an average of .950 fine,	442,120
	17,027,270[1]

	Francs.
In gold..	43,014,000
In silver..	17,027,720
	60,041,720

Or, in round numbers, 60 million francs.

2d. Is it possible better to insure the repression of counterfeit coining?

R. In France counterfeit coining is generally limited to the melting, stamping, and furring of silver pieces, and offers no serious dangers. These imitations are almost always crude, and are easily detected by reason of the blurred look of the engraving, of the imperfect edges, the lack of ring to the metal, and especially of their lightness. This latter circumstance of itself is enough to insure the detection of false coins and to arrest their issue.

It is probable that, on account of the ease with which the work can be done by a man working alone, and with any simple machinery, this kind of counterfeiting, which has always been practiced, will continue to show itself in spite of all precautions.

On the contrary, the counterfeiting of gold pieces by using alloyed platina, which is resorted to especially in Spain, is really a cause of alarm. The density of alloyed platina approaches that of gold. Besides this, the counterfeiters have at their disposition material perfectly adapted for either reproducing the imprint, or for the milling of the edges.

Another kind of fraud, which of late has acquired a certain importance, consists in washing gold coins in acids. This operation can be carried so far as to remove from a 20-franc piece as much as a gramme of its weight, without producing an alteration in the imprint which is obvious to the naked eye.

As far as the counterfeiting with platina is concerned, a plan has been suggested of having this metal subjected to registration, so that the uses made of it can be known, and its movements followed. This measure would be the more efficacious according as it should be adopted by a greater number of States. As for washing in acids, the use of the scales appears to be a good defense, coupled with the right given to the public to cut or deface, on its own responsibility, pieces which have been reduced in weight.

(1) Value calculated at the old legal ratio of 15½ to 1.

TWELFTH SESSION.

TWELFTH SESSION.

WEDNESDAY, *July* 6, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British-India,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Sweden,
Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting; and Mr. Pirmez, Delegate of Belgium, who had arrived that day from Brussels.

The Session was opened at 1.45 P. M.

The Minutes of the Session of July 4, 1881 were read and adopted.

MR. SEISMIT-DODA, chief Delegate of Italy, asked leave to make a Declaration to the Conference in the name of his Government.

He had hoped that, during the interval of more than 40 days which had elapsed between the 8th and 9th Sessions, decisions would have been reached, and that on the return of the Delegates, and before a fresh separation, decisive resolutions might be adopted. Without wishing to prejudge the result of the present Session, and without awaiting the Declaration to be made by the Delegate of Great Britain at to-day's meeting, the chief Delegate of Italy was anxious to state what his Government, after the first discussions of the Conference, was inclined to accept. Notwithstanding some dangers she would, perhaps, have to encounter, Italy was prepared to enter upon the path of free and unlimited coinage of silver, provided Germany and England would unreservedly engage themselves to enter upon it also.

It was now more than doubtful whether these two Powers would agree to take such a step. It was, therefore, proper to declare before the world that on them alone must fall the responsibility of the consequences which, the Conference being dissolved, might result from any future depreciation of silver.

MR. SEISMIT-DODA, on behalf of his Government, could only read the following Declaration, which he was anxious to make known before the Delegate of Great Britain had read his own, so as clearly to show that it was entirely independent of it.

DECLARATION OF THE CHIEF DELEGATE OF ITALY.

The Italian Government would be disposed to enter into a league, of various States, to agree on the limited coinage of silver on the following conditions:—

1. The Government of the German Empire should engage to suspend the sale of its silver for a term of at least five years, and to replace by silver money the gold five-mark pieces and its Imperial Treasury notes, and it should also admit for silver coins, or at least for those of five and two marks, the ratio of 1 to 15½, conferring on the silver thus coined the full paying power at present possessed by the thalers.

2. Her Britannic Majesty's Government should enter into an engagement with the other States to increase the paying power of its silver crowns.

If these conditions were accepted by Germany and England, Italy might agree with the other States of the Latin Union, and with the United States of America, in resuming the limited coinage of silver for a term which should not exceed that fixed for the suspension of the sale of silver by the German Empire.

The quota of each State in the coinage of silver should be based on a proportion to be established relatively to the population of the States. This quota would be binding on each State as a minimum, and each State might exceed it on fixing the rules and special guarantees for a limited mintage, to which individuals and banks of issue should be admitted.

Italy could in no case enter on the path of the free and unlimited coinage of silver if Germany and England, or one of them, did not unreservedly adhere to it.

Mr. Cernuschi, Delegate of France, asked leave to speak on the Declaration just made by the Chief Delegate of Italy.

The President did not think he could allow a discussion on this Declaration of the Italian Government.

Official notice was taken of the Declaration, and it was ordered to be inserted in the Journal.

Mr. Fremantle, Delegate of Great Britain, presented the reply made by the Bank of England on being consulted, according to the wish of the Conference, on the monetary question.

This document was ordered to be published at the end of the present Minutes.[1]

Mr. Fremantle next read the following Declaration:

DECLARATION OF THE DELEGATE OF GREAT BRITAIN.

In pursuance of the announcement made to the Conference at last Saturday's Session, I have the honor of making the following communication on behalf of my Government:

The United States Minister at London, after a conversation with Her Majesty's Secretary of State for Foreign Affairs, having expressed an opinion that it would be possible to arrive at an agreement between the other Powers on the monetary question, if (*inter alia*) the Bank of England should agree to exercise the option allowed it by the Bank Charter Act of 1844 (7 and 8 Vict. c. 32, ss. 2 and 3), and if the Treasury would put a question to that effect to the Bank Directors, Lord Granville applied to that department, and through that medium obtained a reply from the Bank Directors.

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[1] See Exhibit A, p. 485.

In this reply the Bank declares its readiness to exercise the above-mentioned option, on condition of the mints of other nations reverting to the observance of rules insuring the exchange of gold for silver, and of silver for gold, at a legal rate.

Her Majesty's Government, having subsequently learned that Mr. Lowell's action was in no way the result of instructions from his Government, did not deem it proper to follow up the Declaration of the Bank of England by communicating it to the Conference through its Delegate.

A similar proposal having, however, within the last few days, been submitted by His Majesty the King of Italy's Ambassador at London, on behalf of his Government, Her Britannic Majesty's Government has promptly given it the respectful reception it will always accord to the representative of one of the great powers of Europe.

I have, therefore, the honor of laying on the table of the Conference the very words used by the Bank of England in the above-mentioned communication:—

"The Bank Charter Act permits the issue of notes upon silver, but limits that issue to one fourth of the gold held by the bank in the issue department.

"The purchase of gold bullion is obligatory and unlimited, the purchase of silver bullion is discretional and limited, the distinction being enforced by the necessity of paying all notes in gold on demand.

"The re-appearance of silver bullion as an asset in the issue department of the Bank of England would, as is understood by the Foreign Office letter, depend entirely on the return of the mints of other countries to such rules as would insure the certainty of conversion of gold into silver, and silver into gold. The rules need not be identical with those formerly in force; the ratio between silver and gold, and the charge for mintage, may both or either of them be varied, and yet leave unimpaired the facility of exchange, which would be indispensable to the resumption of silver purchases by a bank of issue whose responsibilities are contracted in gold.

"Subject to these considerations, the Bank Court are satisfied that the issue of their notes against silver, within the letter of the Act, would not involve the risk of infringing that principle of it which imposes a positive obligation on the Bank to receive gold in exchange for notes, and to pay notes in gold, on demand.

"The Bank Court see no reason why an assurance should not be

conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, would be always open to the purchase of silver under the conditions above described."

COUNT RUSCONI, Delegate of Italy, next spoke in these terms:—

Mr. President—I rise for the purpose of putting a few questions which it seems to me necessary to solve before we separate.

The rehabilitation of silver is desired; that is the desire expressed by all the Delegates; but do we wish to rehabilitate the silver ingot, the merchandise silver, or silver designed for conversion into money?

There is a distinction here which it appears to me necessary to point out.

The merchandise silver restored, or rehabilitated, would leave the question, as has been remarked, at the very point where it was; the situation would not be altered by the ingot selling at 100*d.* or 80*d.*

If, on the contrary, it is a question of silver to be converted into money, it is necessary, first of all, to establish whether there can be a money in the real signification of the word, the metal composing which has not unlimited coinage, any more than unlimited paying power.

Restrictions and reservations on this point stand for nothing; there is no middle course between to be and not to be.

If this be the sense in which we mean to rehabilitate silver, it remains to be seen whether the Conference thinks a Bimetallic Union between a group of States, between, for instance, America, the Latin Union, the Netherlands, Spain, etc., would suffice to obviate all the dangers which the monometallic States might create a fear of.

At the last Session of our meeting in May, I had the honor of drawing the attention of the Conference to the definition of money, which might, in my view, facilitate our future discussions, and to which our honorable colleague, Mr. Pirmez, was good enough to reply. "Yes," he told me, "money is a merchandise, but a merchandise weighed and verified by the State."

Let us, for a moment, accept his definition, and see whether, even considering money as a merchandise, dangers would be incurred by adopting the double standard.

What is the danger, according to monometallists, and according to their definition? It is, that money, being a merchandise, would be liable, as such, to all the fluctuations of supply and demand,

and, therefore, the fixing of a ratio would be impossible, and, above all, we should incur the risks of a supply which should exceed the demand.

But how can such an eventuality be assumed to be likely, when the taxes alone paid to the State make so large and sure a demand? How could the demand be lacking, when it is already fixed *à priori?* And would not taxes alone give a margin large enough so that no danger need be feared?

As to the supply, can any body imagine that it would not be proportioned to the demand? If not, would it not be as if a country had no means of paying its taxes? Now, the demand once certain, just as the supply is certain, what danger, even viewing silver as a merchandise, can there be in making it, like gold, a measure of value?

Whether, therefore, money be viewed as a merchandise, or, as what it really is, viz., a pure and simple creation of law, no danger appears to arise in trying, once for all, to make silver again money as it always has been.

The crisis, this unhappy crisis, which we are going through, has already lasted too long; it can not last much longer; there are questions which you may refrain from raising, but which, once raised, must be solved, and this is one of them. It is on this account that I ask the Conference, before separating, to consider a few questions which I have the honor of submitting to it.

What, indeed, would be the result of this *status quo*, were it to last some time longer? The States possessing silver would be forced to repeat the experiment of Germany, and sell it, not by reason of their being converted to monometallism, but in order to get rid of a commodity which had become useless. And, if France, for instance, who has 1,200 millions of crowns in her bank, decided on utilizing this dead mass in some way, and offered 500 or 600 millions for sale; if America, repealing her Bland Bill, entirely stopped the coinage of silver, how would the monometallic States face this immense mass of white metal (let us add Germany's 600 or 700 million of thalers), which would hang over them like Damocles' sword? Yet, would not these silver States, driven to extremities, as they would be, have a right to come to such a resolution?

The danger is, therefore, great for all, and can not be warded off by a Platonic Declaration like that of 1878. The Conference must make some declaration on these questions. A good definition would alone take us a step forward, and urge us to follow up the road still to be traversed. To refrain, to evade these questions, to

separate without saying any thing on this subject, would not seem to respond, I say it with all possible respect and deference, to the legitimate expectations excited throughout the world by our meeting.

Before separating, therefore, I should like the Conference to reply to these simple questions:

1. Is there enough gold for carrying on all the business and all the transactions of the world?

2. In view of the necessity of another money besides gold, can that money be other than silver?

3. Are unlimited coinage and unlimited paying power indispensable conditions for forming money?

4. Is the essence of money in any way affected by the production of the mines?

5. Does the consideration of the price of the metal composing it stand for any thing in the question of money?

6. Would the suspension of the sale of silver, or a greater use of that metal, if they can contribute to raise its price, be sufficient to justify a re-opening of the mints to the coinage of silver?

Such, in my opinion, are the six questions on which something should be said before declaring the Session closed.

Mr. Pierson, Delegate of the Netherlands, asked and obtained leave to speak, and expressed himself in these terms:

Gentlemen—The communication of the honorable Mr. Fremantle is of the highest importance, but especially from a standpoint to which I wish to call your attention.

We learn that the Bank of England, at the instance of the British Government, engages to act upon a clause in the law of 1844, empowering it to have one-fifth of its metallic reserve in silver. This engagement, however, is not unqualified. The bank is inclined to act in this way, on condition only of a bimetallic league being formed, embracing several great States.

We find the same reservation in Sir Louis Mallet's speech of the 17th May: "For a certain period," our honorable colleague then told us, "the Indian Government will undertake to maintain its existing system of the free coinage of silver, but only on condition that a certain number of the principal States of the world undertake, on their part, to maintain, for the same period, the free coinage of silver, with full paying power in the ratio to gold of 15½ to 1."

Why this reservation? Why is not the Bank of England dis-

posed to buy silver ingots, unless under the particular circumstances here indicated? Why does not the Government urge the bank to adopt that measure on some other ground than the formation of a bimetallic league? You will tell me, gentlemen, that the question is naïve, and I admit it. How can we expect the bank to buy silver as long as that metal is treated throughout Europe as proscribed, as a pariah? It might as well buy sugar, cotton, whatever it pleases; for all merchandise is convertible into gold, silver no more than the rest. For that metal to enter, in a regular way, into the metallic stock of the bank, its value must be steady, and this result can never be obtained except by the means indicated.

I repeat, the British Government is right; but, observe, gentlemen, what an important Declaration it has just made to us from the theoretical standpoint. The great question which divides us is this: will the adoption of the double standard by a large number of States have the effect of rendering the price of silver stable as expressed in gold? We say, "Yes;" our opponents say, "No, the effect of a bimetallic league will never be such; your principle is unsound; you are going against the nature of things; the ratio of value between gold and silver is regulated by causes with which law has scarcely any thing to do." Now, here is the British Government coming and placing itself on our side, inasmuch as it approves of the bank taking a measure, which, I say this on the strength of experience gained in a practical career, would be the greatest absurdity, would be most prejudicial to the interest of the bank's own share-holders, unless the adoption of the double standard had the effect of making the price of silver stable. People emphatically told us "you are wrong," but they come and make us a Declaration which implies "you are right." They even go further than several of us, for it is well known that certain bimetallists refuse to acknowledge that their system would work well as long as England forms no part of the Bimetallic Union. The English Government and the bank are not of this opinion. They believe that a merely partial league will have the desired result.

This, then, is what I would say to England: you are friendly, but you are not logical. If you really believe that the double standard system can make the price of silver stable, why do you refuse us your co-operation? If you accord it, the present situation would immediately change from top to bottom. The Netherlands, as is seen by the Declaration I have made, would scarcely hesitate to adopt bimetallism. France, the United States, and Italy, would be quite disposed to do the same; in short, a union

would very soon be formed, comprising the most important commercial countries, and I can nòt believe that Germany would refuse to form pàrt of it. You have but to utter a word, and the thing is done. Others are hesitating only because they are afraid of failing without you. Look, moreover, at the probable, or, at least, possible, effects of your refusal. The limping-standard countries can not permanently maintain that system, which is contrary to the simplest, the most elementary, rule, viz., that the legal value of money should not be above its value as metal. The United States will go on coining silver; they will adopt the single gold standard.

Italy will do the same, as, also, Austria, as soon as she emerges from forced currency. Do you realize what all this means? It means fall of silver, your Indian money, and rise of gold, your home money. It means entire derangement of prices, monetary confusion, commercial chaos. We are told, in the end, order will be re-established. Indeed, order always ends by being re-established, but, is this a reason for not fearing revolutions?

There is an English national song, which begins thus: "Britannia rules the Waves." To rule the waves, is a thing of the past; it is no longer permitted to any nation to do this. But there is something far grander—it is to rule men's minds; to take the lead in a great movement. You did this, by being the first to adopt the free-trade system; crown your work by perfecting the instruments of trade. The situation is serious. On you it depends whether the evil assumes enormous proportions, or is entirely removed.

The President proposed that the Conference should adjourn to an early day.

After the important Declarations of Italy and England, just communicated to the Conference, it was necessary for the Delegates to have the text of them under their eyes at the earliest moment, and to weigh their bearing upon the ulterior resolutions they might be led to take. For this purpose, the two declarations of the chief Delegate of Italy and the Delegate of Great Britain would be immediately printed and distributed.

In the second place, the President thought it would be well to decide at the next meeting on the temporary or final suspension of the Sessions of the Conference. After such full debates—after such profound discussions which governments and *savants* had watched with the warmest interest—it was difficult for fresh

speeches to throw further light on the question, or to give the deliberations additional *eclat*. It, therefore, seemed opportune to decide either on the closing, or on the adjournment, of the Conference. Such would be the twofold object of the next meeting, which might be fixed for Friday, July 8th.

MR. SEISMIT-DODA urged that if a discussion of the Declarations was to take place at the next Session, that discussion should bear not only on the Declarations of Great Britain and Italy, but also on those of the Netherlands and Germany.

The text of these four Declarations should, therefore, be simultaneously distributed to all the members of the Conference.

THE PRESIDENT remarked that he had had no idea of submitting the Declarations to a discussion. In directing the prompt printing and distribution of these documents, he had merely wished to enable the members of the Conference fully to comprehend the bearing of these communications.

MR. PIRMEZ, Delegate of Belgium, asked that the next meeting should be fixed for the day following.

After an exchange of observations between Mr. Cernuschi, Mr. Evarts, Mr. Pirmez, and the President, the Conference decided that the next meeting should be held on Friday, July 8, 1881, at 1 P. M.

MR. CERNUSCHI presented a note respecting the coining of silver on the account of individuals, and the draft of an international monetary treaty, drawn up by him, before the meeting of the Conference.

These documents were ordered to be annexed to the Journal.[1]

MR. FORSSELL, Delegate of Sweden, presented the replies of his Government to the questions put by Mr. Broch as to the coinage of gold and silver money in Sweden from 1857 to 1880,[2] and by Mr. Lardy, as to the industrial use of the precious metals.[3] He took this opportunity of informing the Conference that the Swedish promoter of the bimetallic system, alluded to by Mr. Cernuschi in his speech at the Sixth Session, was not the Governor of the Bank of Sweden, but the director of a private mortgage bank.

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[1] See Exhibits B. and C., p. 486–7.

[2] Exhibit D., 1, p. 491.

[3] Exhibit D., 2 and 3, p. 492–3.

Mr. Dana Horton, Delegate of the United States, presented a note, touching certain questions suggested by Count Rusconi, concerning the value of money.[2]

The Session closed at three o'clock.

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[1] Exhibit E., p. 494.

[2] Exhibit F., p. 496.

EXHIBITS TO THE TWELFTH SESSION.

EXHIBIT A.

(Presented by MR. FREMANTLE, page 482.)

LETTER OF THE GOVERNOR OF THE BANK OF ENGLAND TO LORD FREDERICK CAVENDISH, M. P., SECRETARY OF THE TREASURY.

Bank of England, June 30, 1881.

My Lord—We have to acknowledge the receipt of your letter of the 27th June, in which, by desire of the Lords Commissioners of her Majesty's Treasury, you inform us that Mr. Fremantle has formally submitted to their Lordships the following resolution, which has been adopted by the International Monetary Conference assembled at Paris:

"La Conférence exprime le désir que les Gouvernements des différents États représentés dans son sein veuillent bien demander l'avis des principales banques d'émission de chaque pays sur la question monétaire et lui donner communication de leurs réponses."

Having laid your letter before the Court, we have to inform you that it was felt that "the monetary question" discussed at the Conference, being one partly of abstract science and partly of political application, did not form a legitimate subject for their discussion, or for the delivery of the judgment of the bank in its corporate capacity.

Under these circumstances, we have to express our regret at our inability to comply with the request of the Conference by placing on record the opinion of the Bank of England, in the sense which was apparently present to the minds of the members of it when they passed the resolution. We have, etc.

(Signed) H. K. GRENFELL.
JOHN S. GILLIAT.

2. SILVER COINED BY THE FRENCH MINTS FOR THE COLONIES, AND FOR OTHER COUNTRIES, FROM 1st JANUARY, 1874, TO 1st JANUARY, 1881.

French Cochin China.

	Piastres.
Silver pieces of 50, 20, and 10 hundredths of a piastre	200,000

Greece.

		Fs. c.
Five-franc pieces		15,462,865 00
	Fr. c.	
Pieces of 1 drachme	2,240,465 00	
Pieces of 50 lepta	2,250,286 50	
Pieces of 20 lepta	444,625 40	
		4,944,376 90
	Total, Fs.	20,407,241 90

Uruguay.

Denomination.	Fineness.	Nominal Value.
		Fs. c.
Piastres	900	1,615,500 00
50 centesimos		1,000,512 50
20 centesimos		1,499,988 00
10 centesimos		1,500,000 00
Total Fs.		5,616,000 50

Venezuela.

Denomination.	Fineness.	Nominal Nalue.
		Fs. c.
Venezolano	900	175,100 00
5 decimos	835	1,495,867 50
2 decimos		566,922 00
1 decimo		569,715 00
5 centaros		370,659 50
Total Fs.		3,178,273 00

EXHIBIT C.

(Presented by Mr. CERNUSCHI, page 482.)

DRAFT OF A RESOLUTION FOR AN INTERNATIONAL TREATY.

On the 7th February, the French Government received from the United States Government an assurance that it was disposed to take immediate action for convening an international conference, taking as a basis the essential ideas of the project which had been transmitted to the Department of State.

This project, drawn up by Mr. Cernuschi, had been forwarded from Paris on the 7th January, but without the preamble, which he has since added. It may hereafter be utilized in some way.

1. Whereas bimetallism, or the monetary system which consists in simultaneously coining any quantity of gold and silver on the footing of a legal ratio between the weight of the monetary unit in gold and the weight of the same unit in silver, had always been practiced, and that only since a few years has it ceased to operate in any part of the world.

2. Whereas, during nearly a century, the principal Continental mints have coined at the legal ratio of 15½ all the quantities of gold and silver presented for coinage, whereby alone, whatever the vicissitude in the production of gold and the production of silver, the relative value of the two metals was necessarily fixed in the entire world at the par of 15½; nobody, in any country, agreeing to part with either gold or silver at a less advantageous ratio than that which it was known could be realized in Europe at the mints which were bound at the rate of 15½ to convert into coin, having legal currency without limit of amount, all the metal they were asked to coin.

3. Whereas, by this universal par of value between gold and silver, the monetary material of the entire world formed a single mass as homogeneous as if it had been composed of a single metal, but with this evident and very important superiority, that its paying power was much more stable than would have been the paying power of gold disjoined from silver, or of silver disjoined from gold; and this because the greater or less stability of that paying power depends on the greater or less regularity of monetary production, because the production of gold is very irregular, also that of silver, while the joint production of the two metals valued at the legal ratio is quite sufficiently regular.

4. Whereas, the above-mentioned universal par between the value of the two metals was of the greatest service to countries subject to monometallism, such as gold monometallic England and silver monometallic India, which countries, owing to that par, could mutually settle their pecuniary dealings with almost as much facility and certainty as if they had one and the same metal as common money.

5. Whereas, as soon as silver was no longer freely admitted to coinage by the States which had previously been bimetallic, the universal par of value between the two metals necessarily disappeared; and, inasmuch as through that disappearance the bimetallic and homogeneous material possessed by the world was decomposed into two monometallic materials heterogeneous to each other—the material gold, the sole metal admitted to free coinage in Europe and America, and the material silver, the sole monetary metal in Asia—a twofold monometallism, which has rendered the commercial and financial relations between the two halves of the world almost as complicated and hazardous as if the exchanges between them were made by barter.

6. Whereas, moreover, the States of the Continent of Europe and the United States of America, while admitting gold alone to free coinage, are incumbered with coined silver, and the silver coins of one country can not be converted into money in other countries, unless in Asia, but then undergoing all the loss resulting from the difference between the ratio at which such silver has been coined with regard to gold, and the much smaller ratio of gold realized on disposing of silver for an Asiatic destination now that the universal par no longer exists, a ratio which would become smaller and smaller if the offers for sale of silver happened to be resumed and continued.

7. Whereas, it is, in fact, impossible to withdraw from circulation and get rid of the coined silver, not only because of the terrible fall which the Asiatic exchange would experience, and of the enormous losses which would have to be borne, but also because of the immense void such withdrawal would leave behind it; a monetary void which could not be filled either with the present gold, which has already its use, or with the future gold, which has not yet issued from the mines.

8. Whereas, in short the monetary chaos is general, and that chaos extremely prejudicial to the interests of all nations, without a single exception, is solely attributable to monetary laws now in force in Europe and the United States, and can not be put an end to except by reverting to bimetallism.

9. And, whereas, such reversion to bimetallism and the adoption of the ratio 15½ by a preponderating group of nations would have the immediate effect of re-establishing, on a very solid basis, the old universal par of value between the two metals, of enabling Europe, without any loss, to employ its old silver crowns in paying America, and, reciprocally, of enabling the United States, when their balance of trade allows it, to

and American money.

Now, therefore, actuated by all these considerations, the American, French, etc., Delegates have resolved, by common accord, to submit to the ratification of their respective Governments the following Convention:

CONVENTION.

ARTICLE I.—The United States of America, the French Republic, etc., form themselves into a Bimetallic Union on the terms and conditions hereinafter stipulated.

II.—The members of the Union shall admit gold and silver to mintage without any limitation of quantity, and shall adopt the ratio of 1 to 15½ between the weight of pure metal contained in the monetary unit in gold, and the weight of pure metal contained in the same unit in silver.

III.—On condition of this ratio of 1 to 15½ being always observed, each State shall remain free to preserve its monetary types; dollar, franc, pound sterling, mark, or to change them.

IV.—Any person shall be entitled to take any quantity of gold or silver, either in ingots or in foreign coins, to the Mints of any member of the Union for the purpose of getting it back in the shape of coin bearing the State mark; the mintage shall be gratuitous to the public; each member of the Union shall bear the expense of its mintage.

V.—The Mints of each State shall be bound to coin the metal brought by the public as speedily as possible, and at the aforesaid ratio of 1 to 15½ between gold specie and silver specie, the coin thus manufactured shall be delivered to the person who shall have brought the metal, or to his assigns; if the person bringing gold or silver requests immediate payment of the sum which would accrue to him after the interval of mintage, that payment shall be made to him subject to a deduction which shall not exceed two per thousand; the sum shall be handed over, at the will of the paying party, in coin, or in notes convertible at sight into metallic money.

VI.—The gold and silver money shall alike be legal tender to any amount in the State which shall have manufactured them.

VII.—In each State the Government shall continue to issue, as a monopoly, its small change or tokens; it shall determine their quantity or quality, and shall fix the amount, above which no person shall be bound to receive them in payment.

IX.—Gold and silver, whether in ingots or in coin, shall be subject to no Customs duty, either on importation or exportation.

X.—The reception of silver shall commence at the same date in all the Mints of the Union.

XI.—The present Convention shall remain in force till the 1st of January, 1900. If a year before that date, notice of its abrogation has not been given, it shall of full right be prolonged by tacit renewal till the 1st January, 1910, and so on by periods of ten years until such notice of abrogation shall have been given a year prior to the expiration of the current decennial period; it being, however, understood that notice of abrogation given by States having in Europe less than twenty millions of inhabitants, or subject to the inconvertible paper money system, while releasing those States, shall not prevent or interfere with the decennial tacit renewal of the present Convention between the other members of the Union.

GOLD ARTICLES MANUFACTURED OR IMPORTED INTO SWEDEN, ACCORDING TO THE TABLES OF THE BOARD OF REGISTRATION.

Years	Manufactured at Stockholm. — Gold.	Imported into Stockholm from Abroad — Gold.	Manufactured outside of Stockholm. — Gold.	Manufactured and Imported. Totals. — Gold
	Kilog. gr.	Kilog. gr.	Kilog. gr.	Kilog. gr.
1848	48,806	0,825	52,210	[redacted]
1849	47,446	3,768	52,318	104,532
1850	43,877	3,131	62,609	99,617
1851	43,651	8,459	53,924	106,034
1852	42,411	11,706	53,183	[redacted]
1853	41,485	4,859	54,980	101,324
1854	52,375	21,873	71,433	145,681
1855	53,207	26,479	78,659	158,345
1856	57,060	27,460	93,688	178,198
1857	55,820	9,489	88,813	154,122
1858	48,577	6,122	83,158	137,857
1859	52,804	14,684	96,388	163,876
1860	55,416	11,896	101,847	169,159
1861	50,893	16,427	114,078	181,398
1862	48,667	9,941	111,958	170,566
1863	50,292	4,123	113,959	168,374
1864	44,201	8,458	106,837	161,496
1865	42,289	12,083	110,678	[redacted]
1866	40,822	5,176	102,812	148,810
1867	31,601	11,780	88,559	131,880
1868	29,010	8,480	85,884	123,324
1869	32,378	5,306	103,544	141,228
1870	33,379	6,949	108,104	148,432
1871	40,092	22,318	131,784	194,189
1872	51,975	25,194	165,679	240,848
1873	68,632	34,893	196,824	300,349
1874	91,749	63,491	226,610	381,850
1875	92,651	33,671	[redacted]	344,725
1876	79,099	44,637	222,224	345,960
1877	77,460	28,651	216,692	322,703
1878	61,864	20,221	182,596	264,681
1879	56.026	22,789	161,974	240,789
1880	65,544	48,759	188,710	303,013

Selon le protocole du bureau de contrôle, Stockholm, le 2 Juillet, 1881. *B. Lindman*

WEEN 1857 AND 1880.

	1879.		Totals.	
	Gross.	Pure.	Gross.	Pure.
	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.
7,100	....	....	22 894	20 605
200 S	....	....	0 695	0 678
2,000	....	....	15 953	14 621
21 Ru	0 187	0 126	0 187	0 126
	0 187	0 126	39 679	36 080

	1878.		1880.		Totals.	
	ross.	Pure.	Gross.	Pure.	Gross.	Pure.
	il. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.
In pu Pièc	56 205	312 748	....	....	2,016 067	1,770 782
"	....	....	....	....	881 761	611 061
"	....	....	....	....	898 777	200 983
"	....	....	....	....	500 998	192 883
In pu Pièc	75 227	956 420	3,061 752	2,296 314	26,815 154	20,111 868
"	....	....	1,116 963	836 605	2 108 180	1,575 244
"	....	....	1,388 557	1,038 641	4,739 770	3,545 849
"	14 190	310 021	5,332 030	3,991 024	12,284 580	9,195 030
"	....	....	....	....	98 118	78 486
"	....	....	....	....	1,526 329	1,140 166
Russi	....	....	....	....	2,642 686	2,304 428
	45 622	1,579 189	10,899 302	8,162 584	54,007 365	40,720 270

E. Binsearts.

SILVER ARTICLES MANUFACTURED OR IMPORT 1848–1880. ACCORDING TO THE TABLES OF T ISTRATION.

Years.	Manufactured at Stockholm. — Silver.	Imported into Stockholm from Abroad. — Silver.
	Kilog. gr.	Kilog. gr.
1848	2,211,452	19,947
1849	2,201,705	17,583
1850	2,163,671	18,831
1851	2,199,155	44,515
1852	1,985,519	25,471
1853	1,630,721	13,599
1854	1,975,320	73,996
1855	2,120,338	109,042
1856	2,379,763	86,108
1857	2,388,541	69,640
1858	1,644,202	39,181
1859	1,961,333	96,645
1860	1,854,437	25,462
1861	1,643,615	56,546
1862	1,392,355	31,391
1863	1,392,721	26,584
1864	1,339,209	44,179
1865	1,209,083	51,714
1866	976,931	16,983
1867	648,044	33,227
1868	446,849	62,156
1869	711,161	46,627
1870	742,139	82,097
1871	887,974	184,671
1872	889,262	216,678
1873	992,129	307,402
1874	1,178,827	590,657
1875	956,301	438,504
1876	880,553	352,257
1877	721,261	354,080
1878	567,069	270,670
1879	515,495	257,027
1880	704,935	313,752

Selon le protocole du bureau de contrôle, Stockholm, le 2 Juillet,

EXHIBIT E.

(Presented by MR. LARDY, page 483.)

NOTES ON THE INDUSTRIAL CONSUMPTION OF THE PRECIOUS METALS, NOTABLY OF GOLD IN THE SWISS CONFEDERATION.

Until the present year Switzerland has had no uniform law for the registration of the use of gold and silver in manufactures. The absence of obligatory registration of articles into the formation of which the precious metals enter, renders it difficult to obtain information concerning their use. The following is a *résumé* of information gathered from the Cantonal authorities and from the banking houses, which have been consulted in view of their special competence:

I. *Geneva.*—There are in this city large refining establishments, and the bankers there provide the manufacturers with considerable quantities of coined metal.

One of the principal establishments delivered, in 1880, 7,573 kilogrammes of gold, of which 7,000 were intended for Switzerland, but this gold contained every degree of alloy; on the other hand, this establishment bought back from the manufacturers about 3,000 kilograms of remnants and waste, belonging to Switzerland; there remains, therefore,(7,000–3,000), 4,000 kilograms as the total sale of this establishment in Switzerland. This same refinery gives 3,000 kilograms as an estimate of the production of its competitors; admitting that it has not given figures which are too low, the industrial consumption of gold at Geneva would reach the sum of 7,000 kilograms; but a higher figure, varying between 7,000 and 8,000 kilograms, is generally conceded to be correct. This would represent a value of about 21 million francs.

One of the principal banking houses of Geneva estimates, at two million francs per year the consumption of napoleons directly melted down by the manufacturers, at two million francs the purchases of gold and silver bullion by manufacturers, together with the specie delivered by the bankers (Turkish livres, sovereigns, etc.), and at two millions the jewelry melted down and importations from other sources.

It is, therefore, necessary to add six millions (2 + 2 + 2) to the above total of 21 million francs, so that the industries of Geneva alone appear to absorb 27 millions of francs yearly. It is proper to observe, however, that there is to a certain extent a double use, arising from the fact that Geneva sends gold to the manufacturers of Neuchatel. Notice will be taken of this at the end of Section II.

II. *Neuchatel.*—According to a communication of Dr. Hirsch, the learned Director of the Observatory of Neuchatel, and Secretary of the International Committee of Weights and Measures, the maximum of gold employed yearly in all watchmaking industry in Switzerland should be placed at 15 million francs,

and the maximum consumption of the whole world f
million francs. At Neuchatel the inveterate habit of t
fine themselves to melting down coined money. A ı
been that Switzerland has suffered under peculiar moı
was forced, about 1860, to reduce the fineness of her s

According to the indications given to Mr. Comtess
Chief of the Interior Department, under whose direct
tration in Neuchatel were placed, one-half of the gol
not reported at the office; as for those which are repor
in their fineness, from 2 to 18 carats, without, howe
ascertainment of these differences, each article being
not by weight or by value.

Making use of the indications given by the Offices c
estimates made by the principal bankers, the Departm
State of Neuchatel feels itself justified in presenting t
approximation:

> Neuchatel, City.—Gold, 60,000 francs; silver,
> Fleurie—Gold, 800,000 francs; silver, 200,000
> Locle and Chaux-de-Fonds—Gold 14 or 15 m
> two to three million francs.

The Canton of Neuchatel, according to this, would
million francs of gold, and 2½ to 3 millions of silver.

According to the estimates given by the various imı
Neuchatel and Chaux-de-Fonds, there would be groun
figures to 12 millions for gold, and to two millions for
of the metal comes from Geneva, and has already be
calculation relating to that Canton.

III. *Other Parts of Switzerland.*—It has been impossil
concerning the consumption of gold in the other Sw
unimportant compared with Geneva and Neuchatel; t
in the Bernese Jura produces but few gold watches.

IV. *Résumé.*—At Geneva the industrial consumptioı
million francs, and at Neuchatel 16 millions, from wl
for deducting three or four millions, on account of b
then arrive at a total of about (27 and 12) 37 millions
Neuchatel; and it appears, therefore, that we can coı
of 40 million francs as representing, without exaggeı
sumption of gold in the Swiss Confederation.

At the same time, in the absence of authentic infoı
are only given with all reservations.

EXHIBIT F.

(Presented by MR. DANA HORTON, page 483)

NOTE ON THE TWO EXTREMES OF OPINION CONCERNING THE CAUSE OF THE VALUE OF MONEY.

Explanations of the value of money divide themselves naturally into two categories; the extremity of which on the one side is presented in the formula, *the Law is supreme*, on the other, in the formula, *Commerce is supreme.*

The first of these two theories is the theory of the *fiat*, of the supreme efficacy of the command of law, better known, perhaps, as the theory of the advocates of paper money.

The second is the magistral theory of the orthodox dogmatic economic science of other days; or, in other words, the free-trade or *laisser-faire* theory, dragged forcibly out of its proper place, and wrongfully applied to money.

THE FIAT THEORY.

The best exposition within my knowledge of the *fiat* theory, is that made by a Russian author of the last century, Iwan Possoschkow, a reformer of the time of Peter the Great. Neither the *assignats* nor the *mandats* in France, nor irredeemable bank-notes in England, nor greenbacks in the United States, have inspired so complete a scientific expression of this doctrine as did the copper money of Russia in the days of Peter the Great.

"The foreigners," says Possoschkow, "estimate their foreign money according to the quantity of the metal it contains, and not according to the power of the monarch who issues it. They have a rate of relative value for silver and copper. But we honor our monarch as God, and we hold his dignity in honor, and most zealously obey his will. On whatever thing we see the name of his Imperial Majesty, that thing we estimate highly . . . . In coining money, men must not do as the foreigners do, and consider the amount of copper, but consider only the will of his Imperial Majesty. We are no foreigners; it is not the copper that is valuable to us; it is the name of our Czar. We do not look at the weight of the money, but upon the inscription."

He objects to the foreigners that they "come into our country, test the value of our money, and then raise the price of all their goods."

"Such prices," he says, "are the fruit of their insolence. Without any

good reason, they have raised the price of all th(
ly offended us by so doing. Their self-will is re

"To be sure, they give, as a reason for the r
about which they have nothing to do.

"If our coins come into their country, they mi
kopeks count only for half a kopek; that is thei
try, and their will.

"But among us, they have no power; with us, o

"Among the foreigners, kings have less powe
the kings can not accomplish any thing out o
but their subjects are all-powerful, and especiall

We have here the command of the law raised t
omnipotence of the law alone, and of a single la

THEORY OF FREE TRADE APPLIED

I dreamed that I was in the pattern country o
Belgium; but it ought to be very near it if we m
of the *spirituel* representative of that country in

In the matter of money, there was no regulati
part of the State. The "law" did not trouble
what object should be used as the equivalent and
ties and of services; it was "commerce" which s

Taxes were paid, but people gave whatever th
ment also paid the salaries of its members with a
it wished to be rid of. One month it gave old c
hunting permits in the forests of the State. C
could pay for postage stamps with dynamite if
who were condemned or adjudged by the Court
ges the system was notably convenient; they gav
had no need, the law having nothing to say in p
course of events."

For an official appraisement, or in the winding-u
perhaps, be loads of wood, or barrels of whale
measure, the instrument of valuation. Complete
however, observed; only the modes of enforcing
be desired. The recalcitrant debtor could be cited
inasmuch as, if he were adjudged to pay damages
of choosing the means of payment, it was simpler
go to law. It sometimes happened, therefore, tha
pressed in weights of the precious metals was pai
or a mortgage of similar tenor was paid off with g

The truth must lie between these two extrem
tence of all laws, even the wisest, and the omnip

however unwise it may be: *Medio tutissimus ibis.* It is this central position which is occupied by the doctrine of bimetallists.

It is a curious fact that those who to day place themselves at one of these two extremes of opinion concerning the cause of the value of money, and who, if they were consistent and logical, ought to undertake to call into real existence their ideal world of free trade in money, accuse the bimetallists who occupy the center of monetary doctrine, of taking their stand at the opposite extreme, of being really *fiat* men; an accusation which, by the way, is not merely false, but at the same time an anachronism.

Inasmuch, however, as this confusion of ideas contributes largely to the slowness with which Europe is being converted to the monetary reform proposed in 1878 by the United States, it may not be without use to mark the contrast offered by the development of opinion concerning the cause of the value of money on the two continents respectively.

Happily perhaps for herself, Europe in general has not been, like the United States, the theater of a long political struggle, in which the monetary question has occupied the center of the field. In Europe, for many years, men, eminent in political life, have had better things to do than to discuss the theory of money. But with us in America, it was otherwise; the civil war between the rebels and the nation lasted but four years; but the monetary war has already lasted 19 years, paper against metal, gold against silver, and the end is not yet. The United States is a country, therefore, in which, in the midst of a civil war, the law replaced a money (gold and silver) guaranteed by all the monetary laws of which the history of the human race has recorded the existence, with a money guaranteed by a law of the United States alone; and when at the close of a long political struggle, it was at length possible to decree the replacement of this national by the international money, it was ascertained that, in the interval, while this discussion had been going on, a legal revolution in several nations had disorganized this very system of international money to which it was proposed to return. In such a country, the question of the cause of the value of money was naturally in permanence the order of the day; and there was no possibility of remaining an optimist in favor of maintaining the *status quo* of the best of all possible worlds; it was necessary to take sides; it was imperative to decide between the "*fiat*-money man" who desired to retain and to augment the paper money, and the free-trade theorician who thought that paper could be replaced with gold at one stroke.

THIRTEENTH SE

THIRTEENTH SE

Mr. Magnin presided, and there were p

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India
Greece,
Italy,
The Netherlands,
Portugal.
Russia,
Sweden and Norway,
Switzerland,
United States of America, and of
France,

who were present at the previous meeting.

The Session was opened at 1.30 p. m.

The Minutes of the previous Session we

Mr. Dumas laid on the table, as suppler already communicated to the Conference, r use of gold and silver, a return of the deli trade by one of the principal refining fir nine years, 1872–1880.[1]

[1] See Exhibit A, p. 523.

silver and 465 kilogrammes of gold. Assuming that the operations of the other Paris refiners came to half those of this firm, an average was arrived at of 36,000 kilogrammes of silver and nearly 700 kilogrammes of gold, worth 7,255,000 francs, at 200 francs per kilogramme for silver, and 2,370,000 francs, at 3,400 francs per kilogramme for gold. This average, moreover, must be considered a minimum. Indeed, the figures went back to the year 1872, which was included in the estimate, and the figures for which were exceptionally small; from various causes it represented for virgin silver a consumption of only 13,000 kilogrammes; whereas, the normal consumption varied between 16,000 kilogrammes and 20,000 kilogrammes, and the average was thus materially reduced. It must not, moreover, be lost sight of that the figures just indicated were necessarily incomplete, for outside Paris, in the provinces, there existed, especially at Lyons and Besançon, quite important centers for refining and for consumption; and the industries of these cities used quantities of the precious metals, the importance of which could not, for the present, be accurately calculated.

Mr. Evarts, on behalf of the Delegates of France and of the United States of America, read the following Declaration:

"The Delegates of France and of the United States, in the name of their respective Governments, make the following Declarations:

"1. The depreciation and great fluctuations in the value of silver relatively to gold, which of late years have shown themselves, and which continue to exist, have been, and are, injurious to commerce and to the general prosperity, and the establishment and maintenance of a fixed relation of value between silver and gold would produce most important benefits to the commerce of the world.

"2. A convention, entered into by an important group of States, by which they should agree to open their mints to free and unlimited coinage of both silver and gold, at a fixed proportion of weight between the gold and silver contained in the monetary unit of each metal, and with full legal tender faculty to the money thus issued, would cause and maintain a stability in the relative value of the two metals suitable to the interests and requirements of the commerce of the world.

"3. Any ratio, now or of late in use by any commercial nation, if adopted by such important group of States, could be maintained;

but the adoption of the ratio of 1
principal object with less disturban
be affected by it than any other rati

"4. Without considering the effe
ward the desired object by a lesser
vention which should include Engl
United States, with the concurrenc
rope and on the American continent
assure, would be adequate to produc
commercial world the relation betw
convention should adopt."

The President then communicate
translation of this Declaration.

The President informed the Con
sion, a considerable number of De
had, in private conversations, expre
ence suspend its labors, and adjc
President deemed it right to inform
begging that the question be exa
event of its being favorably entert
and of the United States would ha
their colleagues the draft of an exp
the Sessions of the Conference for
then need to be determined.

Mr. Forssell, Delegate of Swed
expressed himself in these terms:

Mr. President, and Gentlemen—I
adjournment to a later date. Here
place, I ask you, gentlemen, wheth
ceeding diplomatic decorum thus
without taking the opinion of our r
certain permanence to our meeting
I can not share in it, except unde
freedom of action of my Governme
ments infinitely more interested in
sume the majority of my colleagu
would convert the nominal prorog
what would this prorogation really
that we lack either sufficient inform
the monetary situation, or official

at all. As regards information, we have already received from nearly all the Delegates explicit replies on questions of detail; what still remains to be finished is, that investigation into the state and movement of the prices of merchandise, which is, however, of a more theoretical than practical nature, and is matter for a commission of inquiry rather than a Conference.

As to Declarations, we heard, the day before yesterday, that of the Delegate of the Netherlands, intimating that the Netherlands Government would not hesitate to propose the free and unlimited coinage of silver as soon as the double standard system should have been re-established in an area including all the great States of Europe and America, but that that Government could not engage to act thus if this system be established only in a more limited area; then that of the Italian Government, assuring us that Italy could not enter on the path of the free and unlimited coinage of silver if Germany and England, or one of them, should not unreservedly adhere to it. These Declarations are quite clear, and leave no doubt respecting the conditions of the adoption of the bimetallic system by these two States.

Next comes France, whose most advanced bimetallist Delegate held, at our Fifth Session, bold language concerning a bimetallism possible, even with two great powers, *même à deux*. Mr. Cernuschi assured us that the Bimetallic Union would be supreme in the world, even although it comprised only the United States and France. It was this bipartite convention which the liberal propositions of England and Germany suggested to the two powers. We might, therefore, have regarded this Declaration by Mr. Cernuschi as a proposition for an agreement between France and the United States alone, for the free and unlimited coinage of silver. Happily, one of the Delegates of the United States has recently disillusionized us as to this bipartite agreement. Mr. Thurman, speaking, at our Tenth Session, of propositions assuming that the United States and France alone, or with the chief States of the Latin Union, would open their mints to the free and unlimited coinage of silver, plainly told us, as regards his Government, that a treaty of this kind could not be accepted by the United States. The Americans, he says, do not desire an arrangement which might have the effect of diminishing the quantity of gold in the United

cognizes their importance, they are
the exigencies of the time, and have
received.

This firm and clear language is suffi
partite bimetallism is quite as impract
and that, consequently, the only pract
the world, which always implies th
England.

We therefore adjourned, six weeks
possible, to a modification of these De
hitherto apparently insufficient. We
of Germany told us, at our Tenth Ses
add to the Declaration of our Second
Great Britain, the day before yesterd
absolutely nothing, to us on the part o
news on the part of the Bank of Engl
that it is free to buy a certain quantity
all. We still remain in a very singu
body is pressing for a bimetallic Union
ing joined by England and Germany,
tation, and where England and Germ
bimetallism, *à deux*, which you all reje

In such circumstances, what woul
really signify? Nothing, unless a l
States Government to change its mind
or the German and English Governme
to universal bimetallism. No doubt
ernments would, by their assent to the
to that hope which, however, has reall

Would it not be better at once to ac
projects of bimetallism, failing the adh
collapsed? And as, indeed, the presen
ent from that which dictated the resol
Conference, as the difference consists
many and England, who evince their
and sudden alterations in their moneta
that it would be proper for the Confere
to declare its adhesion to the opinions
Conference of 1878, on the necessity o
function of silver as of gold.

BARON VON THIELMANN, chief Delega

proposition of prorogation without knowing its grounds. He should, therefore, deem it well if the French and American Delegates would be good enough to communicate to the Conference a draft of an explanatory resolution.

After some observations to the same effect from Mr. Denormandie, the Session, on the proposal of the President, was suspended for 20 minutes.

On resuming, THE PRESIDENT read the following draft of resolutions:

The Conference, considering that, in the course of its two Sessions, it has heard the speeches, declarations, and observations of the Delegates of the States hereafter enumerated—

Germany,	Canada,
Austria-Hungary,	Greece,
Belgium,	Italy,
Denmark,	The Netherlands,
Spain,	Portugal,
The United States,	Russia,
France,	Sweden,
Great Britain,	Norway,
British India,	Switzerland:

Considering that the Declarations made by several of the Delegates have been in the name of their Governments;

That these Declarations all admit the expediency of taking various measures in concert, under reservation of the entire freedom of action of the different Governments;

That there is ground for believing that an understanding may be established between the States which have taken part in the Conference;

But that it is expedient to suspend its meetings;

That, in fact, the monetary situation may, as to some States, call for the intervention of governmental action, and that there is reason for giving an opportunity, at present, for diplomatic negotiations;

rogation of the Conference. The two (States and France concur in that propo quently drawn up a formula, which has the President, and the object of which i tion.

The proposition thus made to you ca in the first place, out of deference to al ially decorous toward our honorable col expression of a divergent opinion, and give a reply. It is under the influence on behalf of the Delegates of the two (States and France, I ask you kindly to ments. I will be as short as possible.

We can not disguise from ourselves now submitted to you tend to nothing least virtually, that nothing has been d useless, and empty work.

Now, that is a sentiment which it is and whatever decision you may prese should not decide in favor of a proro would not, I think, be possible for us to that this has been a mistaken judgment colleague, that the Conference has stead gible and useful end, and that, within t it has certainly attained it. Each day problems which it is impossible to solve

The first question, gentlemen, which edly whether you had the qualifications bling to study in common a problem it, and to carry out your decision. I a was not expressly raised. I am aware t sessions was it alluded to, in one of hi eminent and esteemed colleague, Mr. assume is, that at the outset some of yo selves. Well, gentlemen, it has been so here; it has not been solved by a vote, the day when the Governments to who States addressed themselves decided u peal, on delegating and sending you her me to say, from a sentiment of courtes ments toward each other, but evident ceived idea of doing something. Do

gentlemen. I know quite well that some of you came here with restricted instructions; that they made reservations of which official notice was taken. I am quite aware that in a certain country there may exist old traditions worthy of respect, that in another a monetary reform has been effected which may not leave unfettered freedom of action. But by the side of these great questions of principle, reserved by the instructions you received, reserved by your attitude in this Assembly, it is certain that the Governments which sent you, well understanding the general interest, thought they did so to some purpose; if not a purpose which it was possible immediately to attain, at least a probable purpose, and with a view to a work which some day or other might be accomplished. You consequently had qualifications and competency for coming here and for co-operating in the common work.

This is a very important point, and at the moment of my thus reverting to the past, I attach, for my part, considerable interest to establishing it, in order to give due weight, were it necessary, to the work, whatever it is, and we will consider it in a moment, which you have up to to-day accomplished. I attach considerable interest to it as regards the work which you will perhaps accomplish, as we must hope, the day when you reassemble.

The examination which I have just made had especially the object of bringing out what I may call the first useful result of the initiative taken by our Governments, namely, the favorable reply to the invitation, the question of utility examined and virtually settled by all the Governments, your arrival here, the formation of this great council, of this high court, the common elaboration of all the questions, all implying, in the highest degree, the consciousness of a task which was useful, which might lead to effective legislative action.

Having said this, gentlemen, I wish to bring out another very considerable result of the labors of the Conference, namely, that be it through Declarations or in speeches, you have all acknowledged that we were confronted by a deplorable situation; that there were sufferings, that the monetary position of the world was very grievous, that silver was in discredit, that it had ceased to be an international value of circulation and of paying power, and that whatever the individual sentiment on the question of principle, there was something to be done.

This means a great deal, gentlemen; even if the Conference had had no other result, this alone would be an important result.

I have said that every body made this declaration, but it had

more interest in some cases than in others. It was well known, indeed, that a certain number of Governments among those represented here were bimetallist; the tenets on that head of a certain number of our colleagues were known, I shall, therefore, make no comments as regards them; but what it is interesting and useful to note is the loyalty, the frankness, with which those of you who are monometallists, and I profoundly respect their opinion, as is always a duty toward opponents, have acknowledged that there was something to be done. If I were not afraid, gentlemen, of trespassing on your time, and if you would kindly allow me a few moments more, I would place before your eyes the various expressions of feeling and opinion which have the greatest weight, especially when we consider by whom they were enunciated.

On the 5th May, 1881, the honorable chief Delegate of the German Empire made this Declaration:

"While thus considering the monetary situation of Germany as firmly established, we in no way overlook the bearing of the fall of silver which has since happened.

"We acknowledge, without reserve, that a rehabilitation of silver is to be desired, and that it might be arrived at by the reestablishment of the free coinage of silver in a certain number of the most populous States represented at this Conference, who for this purpose would take as the basis a fixed ratio between the value of gold and that of silver."

The honorable Baron Thielmann made his reservations concerning his system and the monetary reform of his country, as he had a right to do, but, at the same time, with a good-will for which we are grateful to him, and with great candor he admitted there was something to be done.

The Delegate of British India, at the same Session, said:

"Although the Secretary of State as well as the Council of British India, do not think they can cherish the hope, in existing circumstances, of a radical reform of the monetary system of India, they are ready to take into consideration measures whose introduction into India might be suggested in order to re-establish the value of silver."

The Representative of Austria-Hungary made this Declaration:

"Our sympathy is insured for any measure which should be adopted with the view of improving or restoring, as far as possible, the position of the white metal.

"We, therefore, willingly hope that the Conference will not definitely separate without having adopted some remedy to obviate the

inconveniences of the existing monetary situation which, in our view, is serious from more than one standpoint."

And the Representative of Switzerland, at the same Session, said: "The Federal Council has sent Delegates to the Conference solely because it considers this Conference as having only a preliminary character, and as having for its sole task the investigation of the bases on which an acceptable draft treaty might be raised."

We have sought for those bases, we have brought them together, and we have thus responded to the special idea of one of our honorable colleagues. An accord may be usefully sought for between the different Governments, and this is why, in the text of the draft resolution just communicated to you by the President, allusion is made to communications which the various Governments, in presence of all the elements of information, and of all the documents for which we are indebted to the labors of the Conference, may now usefully exchange through the channels of diplomacy.

The honorable Delegate of Norway is assuredly beyond suspicion; he is one of the most weighty and dangerous representatives of the system which we combat, dangerous by his experience and science, dangerous by the weight of his character. Well, gentlemen, this colleague has said to us:

"In short, there is, unquestionably, a grêat interest, not in rehabilitating silver, which seems to be impossible, but at least in obstructing its fall. The true means, however, of succeeding, is not arbitrarily to raise the value of that metal in Europe and America, it is to encourage its use in the Oriental countries which still prefer it; in that vast Chinese Empire, scarcely opened up to Europe, in that immense African continent now attacked on all sides, where trade is still carried on only under the primitive form of barter, but where it doubtless would be easy to introduce the use of silver money. In order that the metal may recover from its present discredit. . . . . ."

I do not give the whole quotation; the Conference well remembers the words of the Delegate of Norway; he added, "the production of gold is still half a millard of francs per annum." No doubt, gentlemen, these Declarations of our honorable colleague do not contain any thing so explicit as the other quotations I have already put before the Conference, yet he acknowledges, in a general way, that something must be done, that silver is in a situation which demands a remedy; and I am not sorry to seize, in passing this avowal, "the production of gold is still half a millard per

annum," which implies that, in Mr. Bro
tion of gold has sensibly diminished fo

Mr. Pirmez, in the name of Belgiun
May, and made the first of his addr
pleasure, always very great, of hearing

"It is important," he said, "to estab
tion which, without doubt, is not perfe
which have been portrayed, nor the d
has been threatened. . . . . .

"It is certain, that on the payment
the Indian Government from the nat
fixed at a certain number of rupees, E
loss, inasmuch as she receives a unifo
which has diminished through the fall

"There is little to be said of the
money system. It is evident that for
question controls the monetary questio
considering only the financial standpo
vantage in adopting the silver standard
nish them a very legitimate means of di
smallest possible cost."

The Representative of Russia, on the

"To deny the dearth of gold is aln
this dearth will probably increase, for
point, the eventuality of the resumpti
Italy, by Austria-Hungary, and by Rus
great danger.

"It can be warded off only by retu
the use of silver, which has too sudden
which has taken its revenge."

The Delegate of the Swiss Confed
1881, said:

"There remains the second point on
few words, viz., the stock of coined si
Union. I admit that this is more ser
that these are all our opponents who sp
are here inconveniences for the prese
for the future . . . . . . I thin
remedy for this state of things."

On the 17th May, the honorable M
England, declared that his Governme

very serious consideration the conclusions adopted by the Conference.

"It would be very glad to be able, without modifying the situation in which it was placed, and without renouncing the gold standard system, to discover a means of giving its co-operation in the work undertaken by the Conference, namely, the restoration of the value of silver . . . . . ."

The Delegate of Germany, on the 4th July, 1881, said:

"I do not dispute that the re-establishment of the free coinage of gold and silver at a fixed ratio in a certain group of States would raise the price of silver to the rate corresponding to that ratio, and that its future oscillations would be but insignificant."

At the Session of the 4th July, we had the good fortune of hearing my illustrious neighbor, Mr. Dumas. After his speech, Mr. Broch rose and said:

"Mr. Dumas thinks that 10-franc, 5-franc, 10-mark, and 10-shilling gold pieces should no longer be coined, in order, proportionally, to increase the use of silver. That, again, is a point on which monometallists are agreed with him, just as they are unanimously in favor of retaining the use of the three metals."

If I could thus continue my quotations we should end, perhaps, by being all agreed on all points.

England (it is her last Declaration) expressed herself thus two days ago, by the medium of her Delegate.

"Subject to these considerations, the Bank Court are satisfied that the issue of their notes against silver, within the letter of the Act, would not involve a risk of infringing that principle of it which imposes a positive obligation on the Bank to receive gold in exchange for notes, and to pay notes in gold on demand.

"The Bank Court see no reason why an assurance should not be conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, will be always open to the purchase of silver under the conditions above described."

Such, gentlemen, are the extracts which I wished to place before your eyes in order to impress upon your memory the unanimous assent which has been given to this thesis, that there exists in the world a bad monetary situation to which it is necessary to apply a remedy.

It is satisfactory to be able to say that on this platform we have all, as well monometallists as bimetallists, been unanimous in cer-

is to say, the second useful result, secured by our Conference, which I wished to bring out.

Assuredly we are still divided on the question of principle, the fundamental question.

But, thanks to the candor and good-will of all, we have been unanimous in acknowledging the state of discomfort and the state of suffering. Well, gentlemen, I can not repeat too often, that that is a fact of importance, for morally it binds us all to discover a remedy for a situation which you acknowledge to be bad.

Now, that remedy, gentlemen, you have sought for with untiring industry. That industry is represented by an enormous quantity of documents, of materials, by numerous ideas which have been expressed, by brilliant debates; and all this constitutes, in addition to what I have just said, a very important result.

You have all, with extreme zeal, presented documents which form admirable archives for the question involved, independently of the speeches delivered, the declarations made, and the opinions enunciated. The question is complex and difficult; it subdivides itself; you have treated theoretically and in principle the thesis of monometallism opposed to that of bimetallism; then all the questions involved in silver as an international value with paying power, the question of the fixed ratio between the two metals, the figure of that ratio, etc. All these, gentlemen, constitute questions of the highest importance, and you have so seriously studied these difficult problems that you have now in the record of your Sessions all the elements of a decision.

Could that decision have been formed at once? Why, gentlemen, it would have been a miracle, it was impossible, and, as you have always been animated by an admirable spirit, as you have all felt that the solution of the problem could not be attained immediately, you have, through the natural bent of your mind and of your good dispositions, with extreme frankness, without deviating from your principles, which we thoroughly respect, sought every means which would justify a postponement of the fundamental question. A radical solution can be waited for.

Time may do much for this; facts, always more eloquent than speeches, may, one day, impose this or that solution.

Meanwhile, the various means which some of you have imagined may be examined, may even be combined, may serve as the bases of a treaty by means of which we might, to a certain degree, parry the difficulties of the situation, if even only for a limited

time, by way of experiment, and in order to pass through a kind of phase of transition. All those, therefore, who may, henceforth, devote attention to the monetary question, will find veritable treasures in your records.

Gentlemen, it seems to me that, inasmuch as one of our honorable colleagues had laid before you a proposition for a final adjournment, it was well, in this way, to place before your eyes a kind of summing up, recalling the labors carried on, the results obtained, the road traversed.

And now that we have just made together this retrospect, are we not better able to say to our colleagues, "No!" Can you seriously contemplate the question of your final adjournment.

I confess that, for myself, I should consider this—I should consider this really deplorable. If this was to happen it was not worth while going through all the labor which you have imposed on yourselves; it was useless to accomplish this great task merely, so to speak, to throw it into the waste basket. You would be neither earnest nor brave, if, after some weeks' labor, you were to say, "The matter is too difficult; we must give it up and separate."

I am confident there will be found here a majority, and a considerable majority, to say, "No, no; this is out of the question." There is even, gentlemen, a moral responsibility on us all; we have the cure of souls with regard to the paramount and general interests which have been intrusted to us. We have not the right to abandon our task.

I add, in conclusion, that it would not be worthy of the cause which has brought us together, nor of the views which we have brought to the examination of this question.

I can not, indeed, forget, and shall never forget, that no personal interest has disclosed itself in our discussions; I mean by this, no sentiment peculiar to such and such a nation. Yes, you have always forgotten your frontiers; you have never for a single instant been the Delegates of this or of that nation; you have been true citizens of the whole world; you have always been inspired by the general and permanent interest of mankind, an interest which is here the great law. In order to persevere, gentlemen, in your work, two things are necessary, first, to give the floor to diplomacy, because, at the point of elaboration which we have reached, it may be necessary for the Governments to exchange views; and, secondly, to adjourn for the present till next April, in order then to give, if it so shall happen, a solution to the grand problem,

which is here at stake; for, gentlemen, when a difficult, even very difficult, solution is sought for with the loftiness of view you have brought to your labors, it is to be found.

We, therefore, ask you to pass the resolution which the President has communicated to you.

MR. PIRMEZ, chief Delegate of Belgium, presented the following considerations in support of the resolutions:

I wish, Mr. President, to support, by some very simple considerations, the proposition which is submitted to us.

I should refrain from doing so after Mr. Denormandie's eloquent speech, if the divergency of our views on the very foundation of the monetary question did not seem to me to give a certain value to my words.

A two-fold reason justifies this proposition, in my view; it offers advantages, and it involves no inconvenience.

I shall not, doubtless, be contradicted by any body in affirming that the meeting of States in conference, for treating interests common to all, is always a happy event which brings nations closer together, and is the best means of promoting the progress of international relations. France and the United States have a right to our thanks for having taken the initiative of this Conference, whose object interests all countries.

The monetary question is a question which raises numerous problems. They bear upon a situation which not only is not perfect, but which will not be so unless at a very distant day. Perfection would evidently be the monetary unity of the whole world. How far we are from that, how many stages to be made before reaching it! But, just because we are far from the goal, and because it is difficult to attain, we ought to try and approach it, and every difficulty overcome is a progress. It is, therefore, well not to abandon the examination of a matter in which there is so much to be done.

France and the United States ask us to examine again, next year, the problems not solved. Why should we not assent? The Belgian Government directed its Delegates to take part in these discussions, to examine the questions raised and the solutions proposed, making its sentiments, moreover, freely known. It seems to me to be within its views to accede to any thing that may enlighten the situation, and the adjournment, with the fresh convocation proposed to us, comes within these conditions.

Would there be any inconvenience in this fresh meeting of the Conference?

The honorable Delegate of Sweden appears to me to have been under the idea that to accept this fresh meeting is to acquiesce in the order of ideas of the two great Powers proposing it. Were this the case, I could understand, and should even share his sentiments. But such is not the bearing of the adjournment proposed. The reasons given for justifying it expressly state that each Power retains the plenitude of its liberty. We, therefore, give up nothing of our judgments, our views, our opinions, either on what exists, or on what it behooves us to do. To define, in one word, what will be the position of Delegates coming to this meeting of next spring, I may say, that they will arrive as free from engagements, as unfettered by precedents, as we were at the very outset of this Conference.

The Delegates of Belgium will, therefore, adhere to the motion for adjournment. They will do so the more willingly, because that adhesion will be a homage to the initiative taken by the two great Republics in trying by an international understanding to realize progress in commercial relations.

Lord Reay, Delegate of British India, next spoke, and expressed himself in these terms:

Mr. President, and Gentlemen—My honorable colleague and myself have the honor of accepting the proposition of adjournment, addressed to us by the Powers who invited us here. Reflection will be favorable to a profound study of the new aspect of the situation.

It is scarcely possible to deny that that situation has been sensibly modified by the important declarations and interesting discussions to which we have listened. Before the Conference it was difficult to form an exact idea of the dispositions of the Governments we have had the honor of representing. This is no longer the case. Valuable pledges have been given, not resting, it is true, on identical bases, but testifying a tolerably general conviction that the monetary question appertains to the international domain, and can not be looked at as of merely national interest. In this matter, an international concert is the point to be aimed at. The diplomatic efforts we invoke may accelerate a solution which it would have been presumptuous to try to precipitate. The Declarations which have been made at the Conference are so many proofs of the desire of Governments to arrive at an inter-

national *modus vivendi,* without cherishi out a universal system. It is allowable t ments of his Imperial and Royal Apos Majesty the Emperor of Russia, will of powerful co-operation for the rehabilitat

The Government of Her Majesty, th taches the greatest value to the decisio ernments might take in this question, as as in that of the whole world.

The Delegates of British India will v journment, not merely for reasons of di view of the possibility that in the future ference the two above-named Governme support, open up new and serious prospe ternational accord.

The, in all points, remarkable Declara Italy and the Netherlands are alone, mo rant a period of exchange of opinions b Government.

The motion of adjournment propose leagues of the United States and France it does not prejudice diplomatic action, w and of which the initiative will be taken the two Republics.

The Delegates of British India flatter next meeting of the Conference, the states composing the Delegations of the Unite be able to agree in offering the Conferen its labors a practical direction. It would gramme carefully to keep within the limi of Governments, and not to aim at the theory not previously sanctioned by t theorists who will vote for the motion o tually acknowledge that the question is n economic thesis, but the discovery of a for escaping the risks of a deplorable cris

Science will declare that diplomacy is n a valuable ally; and diplomacy on its p science for having opened up new paths. too complicated, and embraces too man solving at one stroke the problem submi served by Mr. Denormandie, in his eloquen

juvat can not be our motto. Monetary reforms have not hitherto had the success expected by those inaugurating them; let us, therefore, be prudent. It is evident there are many obstacles to be overcome before succeeding. The Delegates of British India have never been under illusions on this point, and by voting for the adjournment of the Congress, they do not abandon the hopes they have always entertained.

COUNT KUEFSTEIN, chief Delegate of Austria-Hungary, also expressed his concurrence in the motion of adjournment. He would vote for it the more readily, because at the final meeting of the first series of sessions of the Conference, he expressed a fear that, at the date then proposed, the Imperial and Royal Government would not yet find itself in a position to respond to the question which Lord Reay had suggested concerning the entry of Austria-Hungary into a bimetallic union.

An adjournment to next April offered an opportunity for action more in accord with the importance of the suggestion which had been repeated by the honorable Delegate of India, and with the present situation of Austria-Hungary.

The Imperial and Royal Government would conscientiously profit by the delay in studying, and causing examination in both sections of the Empire into the question submitted to it, which involves, indeed, the question of the monetary future of the Empire.

MR. FORSSELL, Delegate of Sweden, stated that, while retaining his preference for the definitive closing of the labors of the Conference, he did not deem it right, in view of the declarations just made, and of the express reservation of the rights of the various Governments, to press for the adoption of his proposal.

MR. BROCH, Delegate of Norway, did not hesitate, while also reserving the rights of his Government, to support the motion of adjournment. He was glad to testify that of all the monetary Conferences held since 1867, and in which he had successively taken part, this would have contributed more than any other to elucidating in all directions the serious problems of monetary science. At no Conference had so many valuable documents been presented, nor the various systems been so thoroughly discussed. Theory and practice had had equally brilliant representatives, whose co-operation had been in various ways equally useful. Nevertheless, it was doubtful whether this Conference would have

the considerable results expected fı
silver. That restoration seemed iı
other apparently secondary, yet im|
cord appeared to be established. T
ous acknowledgment of the abuse
notes, and of the expediency of
them. It had also been testified tł
in improving the monetary situati
on banks and establishments of cr
ject one might ask whether it wou
row from Scandinavian legislation
been confined to the three Kingdon
banks of those States the faculty
their stock deposited in the great
means would perhaps contribute to
a result desirable for the whole wo
like Norway, where commerce and
the chief elements of national weal

After this speech, the motion of
by the President, put to the vote,
the members voting.

It was next agreed that the min
communicated in proofs to the deleg
to the minutes of the 9th, 10th, 11
form the collection of the labors of
ference.

SIR LOUIS MALLET, chief Delegat
mit a document.

I have the honor, he said, of layi
ence, observations which have bee
questions addressed to us by Mr.
(See p. 216.) The questions did n
allowing of official replies by the
consequently submitted to compete
longing to the Administration, and
to you their respective replies just

But I should add, that while sub
judgment of the Conference, the
accept any responsibility for the o
them.

[1] Exhibit B,

I ask permission, at the same time, to present to the Conference two tables respecting the commerce of British India and the public debt.[1]

Mr. Forssell, Delegate of Sweden, presented to the Conference the response which the banks of issue in Sweden had made concerning the monetary question.[2]

Baron Von Thielmann, chief Delegate of Germany, felt bound, as an interpreter of the sentiments of all his colleagues, to offer, at the moment the Conference was separating, to the French Minister of Finance the expression of their thanks for the honor he had done them in accepting the Presidency, and for the uniform impartiality with which he had directed the debates.

He likewise begged The President to express to the Government of the French Republic the sentiments of gratitude on the part of the Delegates for the gracious hospitality which has been offered them.

He evinced, at the same time, his regret that reasons beyond his own control had prevented Mr. Vrolik, Vice-President of the Conference, from taking part in this last phase of its deliberations, and he begged Mr. Pierson to convey to Mr. Vrolik the expression of this unanimous feeling, as also the wishes formed by the entire Conference for the speedy restoration of Mr. Vrolik's health.

The President cordially concurred in Baron Von Thielmann's concluding words. He would also make it his duty to express to the French Government, the sentiments which had been so courteously expressed to him. As regarded himself, he thanked the chief Delegate of Germany for the feeling, which he felt to be so flattering, to which utterance had just been given.

The President expressed also the pride he felt in directing the labors of the Conference. It would be one of his pleasantest recollections, and the greatest honor of his political life. He recognized the brilliancy, the learning, and the sagacity with which the Conference had treated the great and manifold questions submitted to its examination. He especially congratulated it on having by its last act assured the continuance of the discussion, and paved the way for the solution of the monetary problem. He believed he could say to all the Delegates, if not as minister, certainly as friend: *Au revoir* in April, 1882.

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[1] Exhibit C, p. 529. [2] Exhibit D, p. 541.

Mr. Pierson, Delegate of the Netherlands, thanked the Conference for the sentiments of sympathy just manifested by it for Mr. Vrolik, to whom he would not fail to convey the expression of them.

Thanks were then voted to the Secretaries, on the motion of Mr. Pirmez, chief Delegate of Belgium.

The Conference separated at 4.30 P. M.

Tuesday, July 12th, 1881.—According to the resolution adopted by the Conference at its 13th meeting, a proof of the journal of the last Session was addressed to the different Delegates, and submitted in that manner for their approval.

EXHIBITS OF THIRTEENTH SESSION.

EXHIBIT A.

(Presented by Mr. Dumas, p. 501.)

STATEMENT OF GOLD AND SILVER DELIVERED TO THE TRADE BY THE CHIEF REFINING ESTABLISHMENT OF FRANCE.

	Pure Silver.	Alloyed Silver at .500.	Nitrate at .635.	Gold at 1,000	Alloyed Gold at .766.	Chloride at .647.
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.
1872	13,500	1,109	4,713	424	74	4
1873	16,000	3,195	5,580	445	82	8
1874	17,800	6,200	6,868	455	81	13
1875	20,529	6,167	6,800	470	71	25
1876	18,000	7,140	5,345	407	64	16
1877	15,700	10,900	5,200	343	56	10
1878	18,252	8,258	6,609	371	68	13
1879	17,190	7,963	5,400	349	57	15
1880	19,578	6,000	5,900	380	55	16
Total	156,549	56,932	51,415	3,644	603	120
Net Annual Average at 1,000	17,394	3,163	3,627	405	51.300	8.600

The Consumption to be inferred from this Table, if we admit that the other Refiners in Paris represent a Trade half as great as that of this House, may be Estimated at—

	Galvanized Plate and Inlaid Work.	Wire for Braid, etc.	Silver for Photographers.	Galvanized Gilding.	Mercury Gilding.	Gold for Photographers.
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.
C. L. A.	17,394	3,163	3,627	405	51 300	8 600
Other Houses, 50 per cent	8,697	1,581	1,813	202	25 700	4 400
Total	26,091	4,744	5,440	607	77 000	13 000

EXHIBIT B.

(Presented by Sir Louis Mallet, page 123.)

ANSWERS FURNISHED TO THE INDIAN DELEGATES IN REPLY TO THE QUESTIONS PUT BY MR. CERNUSCHI, AT THE SIXTH MEETING OF THE CONFERENCE.[1]

QUESTION XVIII.

A.—Quite true.

B.—Very large amounts of silver arrived from the West Indies and Pacific, which were all taken for India, together with considerable sums in taos and 5-franc pieces from the Continent.

C.—When the balance of trade between this country and India necessitated an export of silver to India, and the price of the metal here allowed of the profitable import of 5-franc pieces into England, those coins naturally flowed to this country from France as an arbitrage operation.

D.—When silver was required by English merchants at short notice for transmission to the Eastward, if the requisite quantity was not in London, they would, in all probability, apply to the Continent for it, as the nearest market after London.

QUESTION XIX.

A.—No doubt.

B.—Very large amounts of silver were received from Belgium and Holland, as well as France, and payments were made in gold, as well as in bills and goods.

C.—The capability of the continental monometallic States, of supplying silver to England, was not put to the test to any appreciable extent, because France had a double standard and supplied the demand. Had the price of silver risen to a point at which it could have been profitably imported from those States it would have found its way here, and been paid for by exports either of securities or commodities.

D.—The silver monometallic States of the Continent would naturally be influenced by the relative prices of silver and gold at the time. If giving silver for gold would yield a profit, they would probably supply it to some extent, as the transaction would be advantageous, although gold had not a forced circulation. [The form in which this question is put, commencing "Is it not the fact" is ill adapted to the nature of the inquiries in Questions XVIII., XIX., XX.]

QUESTION XX.

A.—Silver was generally obtained from France, and, no doubt, the effect of the alteration in the rate of exchange caused by a demand for silver, was to

(1) *See* remarks of Sir Louis Mallet on the above answers, p. 259 of the Journals.

give France rather more than 1 kilo. of gold for 15½ of silver. The converse also holds good.

B.—Yes, chiefly. The price, of course, varied with the exchange of France on England. Not always to France. Large amounts were sold to Belgium and Germany before the latter country declared for a gold currency.

C.—The first portion of the question is answered under No. XVIII. As regards the second clause, relating to silver arriving in London, that metal being a commodity would be offered to the best buyer, whether India or any other country.

D.—When the price of silver in London was above the rate of 1 to 15½, silver would flow to London from bimetallic countries. If silver had arrived in London in excess of the demand for it, and the price was below that rate, English merchants requiring gold would have to give more than 15½ of silver for one of gold.

QUESTION XXI.

A.—Quite correct.

B.—Yes. Yes. Yes.

C.—The seigniorage and other mint charges on silver at Bombay and Calcutta amount to about 22 per mille. The freight for bullion and specie between London and Calcutta or Bombay was, at one time, 2 per cent., but it was reduced to 1 per cent. before the opening of the Suez Canal. The loss of interest was not lessened by the Canal route being opened, because bullion and specie had previously been transported by rail from Alexandria to Suez, and reshipped thence.

D.—The cost of mintage of silver at Calcutta and Bombay is 2 per cent. The freight on bullion between London and Calcutta or Bombay has varied from time to time, and special arrangements have been made by the Government in regard to their shipments. The longer the voyage, the greater must have been the loss of interest.

QUESTION XXII.

A.—If India had been gold monometallic (France remaining bimetallic), of course, if gold were wanted as a remittance to India, and were obtained from France by giving more silver than 15½ to 1, it (the gold) would cost in India something like 5½ per cent. over par value, and if sent from India, after deduction of freight charges and insurance, would have realized only about 96½ to 100.

B.—There would have been a large oscillation, but I can scarcely think it would have been so large as 10 to 12 per cent.

C.—If, with a monometallic gold currency in India, the English gold coins were not made a legal tender there, and if the mint charges were, under that supposition, as heavy as they now are for a silver currency, and, moreover, if the cost of the transmission of the precious metals to India had never been reduced, the range of oscillation in the exchange might be as great as is stated in the question.

D.—Had India been gold monometallic, like England, the variation in the exchange would have been mainly dependent on the cost of transport, insurance, loss of interest, mintage, and brokerage, and the limit of oscillation would rarely, I apprehend, have exceeded from 5 to 6 per cent. below par, and 5 to 6 per cent. above.

QUESTION XXIII.

A.—It seems to me that, under no circumstances, could the extreme oscillations of value have been more than the total of freight and expenses both ways; but within these bounds there must always be a greater or less oscillation.

B.—An Indian bank would be best able to give the required information.

C.—The supposition under Q. XXII. is that of India having a gold monometallic currency, but this question seems to refer to the existing state of things, and, if so, is not applicable.

D.—Oscillations of exchange could not have been avoided.

QUESTION XXIV.

A.—Of course, because the quotation in London is in gold.

B.—Yes, with regard to India; but there were times previous to 1874 when the Continent were buyers of silver at higher rates than Indian banks could give.

C.—On the same supposition of India having a gold currency, the price of silver would not in that case have been effected by the oscillations in the gold exchange.

D.—The oscillations of exchange affected the quotation of silver in London; but it must not be assumed from this answer that those oscillations had a very potent influence in that respect, the price of silver being also greatly dependent on the supply and demand, and on the quantity continuously required for transmission to the East.

QUESTION XXV.

A.—From 1865 to 1872 the price of silver was extremely steady at an average of 60½*d*; in 1873, Germany demonetized, and the average declined to 59¼*d*., and in the following year to 58¼*d*.; in 1876, the lowest price of silver was reached, 46¾*d*.

B.—The average price of silver has been more irregular since 1874.

C.—The greatest oscillations prior to the opening of the Canal occurred during the American civil war, which caused an abnormal export of cotton from India. Apart from that particular cause and period, the oscillations in the Exchange and the quotations of silver up to the year 1874 were similar both before and after the opening of the Suez Canal.

D.—Questions XXV. and XXVI. can be answered most satisfactorily by statements prepared from the best information obtainable.

QUESTION XXVI.

A.—From 1865 till 1873, the average value of rupees was about 1*s*. 10¾*d*.; in 1874 about 1*s*. 10¼*d*.; afterwards a considerable decline, and in 1878 the average was about 1*s*. 8*d*.

B.—Can not say as regards the rupee. This price of 60$\frac{13}{16}$*d*. would be about the average of 20 years prior to 1874.

C.—Excluding the period of inflation, referred to in the previous answer, the average quotation of exchange prior to 1874, was probably one penny per rupee higher than that stated in the question, and the average price of silver was probably about 60½*d*., or 61*d*.

QUESTION XXVII.

A.—This question is rather vague; but, so far as I understand it, must be answered in the affirmative.

B.—Neither gold nor silver are interest-bearing securities; consequently, whenever there are arrivals of either metal, they are at once sold for cash, either for remittance to the Continent, or, if gold be not required on the Continent, it is then sold to the Bank. The quotations, of course, varied from day to day, according to the Exchanges on India or the Continent.

C.—Silver being a mere commodity in England, no interest could accrue upon it if held; and the price, like that of all other commodities, is regulated by the supply and demand.

D.—The meaning of this question appears to me to be obscure. Silver, like any article of merchandise, could not remain unused in England for a time, without interest on its value for that time being lost. The holder looks to obtaining compensation and profit from improvement in price.

QUESTION XXVIII.

A.—No doubt this was so.

B.—Only Indian Banks, who jealously kept such information to themselves, could answer this question.

C.—The balance of trade has been generally in favor of India, and it has only been on very rare occasions that Banks in India could sell their bills on London profitably against shipments of silver to Europe.

D.—When the price of silver has been much below the French ratio of 1 to 15½, Calcutta and Bombay bankers have been able, when selling bills on London, to require more rupees than were represented in the French ratio.

QUESTION XXIX.

A.—Of course, the price of bills was limited by the value of silver in Paris (15½ to 1), minus freight, insurance, and interest on shipments of silver.

B.—Refer to an Indian Bank.

C.—Exchange in India could certainly not fall below the point at which rupees could be converted into silver bullion, and exported thence to silver-using countries in Europe.

D.—So long as the receipt and coinage of silver in Paris in the ratio of 1 to 15½ was unrestricted, the oscillations in the exchange with India were, to some extent, limited. The "disappearance" of French bimetallism has tended greatly to depreciate the value of silver, and, as a consequence, the exchangeable value of the rupee.

QUESTION XXX.

A.—Yes.

B.—Yes. But there were, and are often, orders for the Bazaars in India, where silver is at a premium, which cause orders for the metal here, quite irrespective of Exchange operations.

C.—When India was a buyer of silver at a price in gold higher than the ratio of 15½ to 1, the Council bills would be sold at a corresponding equivalent rate.

QUESTION XXXI.

A.—Obviously.

B.—Can not say.

C.—Yes,

QUESTION XXXII.

B.—If it has been, which I am not prepared to admit, the fact of France having, of late years, been almost out of the market as a seller of silver, must have caused a better demand for the Council drafts, which have, therefore, obtained a better price.

C.—It is a disadvantage to the Indian Treasury with respect to the amount of the payments which the Treasury has to make in gold; but, whether there has not been a corresponding gain in the revenues payable in silver, is a question open to discussion.

D.—The change in French bimetallism has been very injurious to the Indian Treasury.

QUESTION XXXIII.

B.—The Government only can answer this question.

C.—To be answered from the Governments records.

D.—The rupee, not having a fixed value in gold, it is not practicable to state precisely the loss on exchange in the years in question. An approximate estimate only could be furnished.

QUESTION XXXIV.

B.—The India Council could answer this from their own estimates.

C.—*Idem.*

EXHIBIT C.

(Presented by SIR LOUIS MALLET. page 529.)

STATEMENT OF THE COMMERCE OF BRITISH INDIA, OF THE EX PORTATION OF GOLD AND SILVER, AND OF THE PUBLIC DEBT.

BRITISH INDIA.

(1.)—Imports and Exports of Merchandise and Treasure, with sums obtained for Bills drawn by the Court or Council on India, for the years 1855-1856 to 1879-1880, and the Average Rate of Exchange obtained for those Bills.

(2.)—Value of Gold and Silver imported into, or exported from, India, for the years from 1855-1856 to 1879-1880.

(3.)—Imports and Exports of Gold and Silver in periods of Ten years, from 1835-1836 to 1874-1875, and for the five years from 1875-1876 to 1879-1880.

(4)—Value of Gold and Silver Coinage in the Indian Mints from 1855-1856 to 1879-1880.

(5.)—Currency Notes in Circulation, Coin and Bullion Reserve, and Government Securities held by the Department of Issue of Paper Currency.

(6.)—Imports of Gold from 1868-1869 to 1879-1880 (details).

(7)—Imports of Silver from 1868-1869 to 1879-1880 (details).

(8.)—Exports of Gold from 1868-1869 to 1879-1880 (details).

(9.)—Exports of Silver from 1868-1869 to 1879-1880 (details).

EAST INDIA (LOANS RAISED IN INDIA).

(10.)—Return of all Loans raised in India, chargeable on the Revenues of India, outstanding at the commencement of the Half-year ended on the 30th September, 1880, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the close of the Half-year, stating, so far as the public convenience will allow, the purpose or service for which Moneys have been raised during the Half-year.

Note.—The "Year" in these Tables is the "Official" Year in all cases (*id est*, ending the 31st of March).

(1.)—VALUE OF MERCHANDISE AND TREASURE respectively Imported into and Exported from British India by Sea, from and to Foreign Countries, and of the Sums obtained for Bills drawn by the Court of Directors or Secretary of State on the several Governments in India, in each of the undermentioned Official Years, and the Average Rate of Exchange obtained for those Bills.

Official Years.	Imports.			Exports.			Sums obtained for Bills drawn by the Court of Directors or Secretary of State on the several Governments in India.	Average Rate of Excha'ge for Bills on India.
	Merchandise.	Treasure.	Total.	Merchandize.	Treasure.	Total.		
	£.	£.	£.	£.	£.	£.	£.	s. d.
1855–1856	13,943,494	*11,301,288	25,244,782	23,039,268	*601,177	23,640,445	1,484,040	2 —⅛
1856–1857	14,194,587	14,413,697	28,608,284	25,338,451	*1,253,426	26,591,877	2,819,711	2 —⅛
1857–1858	15,277,629	*15,815,436	31,093,065	27,456,036	*822,438	28,278,474	628,499	2 —⅝
1858–1859	21,728,579	*12,817,071	34,545,650	29,862,871	*669,427	30,532,298	25,901	†
1859–1860	24,265,140	16,356,963	40,622,103	27,960,203	*929,007	28,889,210	4,694	†
1860–1861	23,493,716	10,677,077	34,170,793	32,970,605	*1,119,549	34,090,154	797	†
1861–1862	22,320,432	*14,951,965	37,272,417	36,317,042	*683,855	37,000,897	1,193,729	1 11⅞
1862–1863	22,632,384	20,508,967	43,141,351	47,859,645	*1,111,140	48,970,785	6,641,576	1 11⅞
1863–1864	27,145,590	22,962,581	50,108,171	65,625,449	*1,270,435	66,895,884	8,979,521	1 11⅜
1864–1865	28,150,923	21,363,352	49,514,275	68,027,016	*1,144,775	69,471,791	6,789,473	1 11⅞
1865–1866	29,599,228	26,557,301	56,156,529	65,491,123	*2,165,352	67,656,475	6,998,899	1 11¾
1866–1867 (11 months)	29,038,715	13,236,905	42,275,620	41,859,994	2,431,503	44,291,497	5,613,746	1 11
1867–1868	35,705,783	11,775,374	47,481,157	50,874,056	1,571,946	52,446,002	4,187,285	1 11⅛
1868–1869	35,990,142	15,155,954	51,146,096	53,062,165	1,395,580	54,457,745	3,705,741	1 11⅛
1869–1870	32,927,520	13,954,807	46,882,327	52,471,578	1,042,853	53,513,729	6,980,122	1 11¼
1870–1871	34,469,119	5,444,823	39,913,942	55,336,186	2,220,765	57,556,951	8,443,509	1 10⅛
1871–1872	32,091,850	11,573,813	43,665,663	63,209,282	1,476,094	64,685,876	10,310,339	1 11⅛
1872–1873	31,874,625	4,556,585	36,431,210	55,250,763	1,298,079	56,548,842	13,939,095	1 10¾
1873–1874	33,836,828	5,792,534	39,612,362	54,996,010	1,914,071	56,910,081	13,285,678	1 10⅜
1874–1875	36,222,113	8,141,047	44,363,160	56,359,240	1,625,309	57,984,549	10,841,615	1 10⅛
1875–1876	38,891,656	5,300,722	44,192,378	58,091,494	2,200,236	60,281,730	12,389,613	1 9⅝
1876–1877	37,440,631	11,436,120	48,876,751	61,013,891	4,029,898	65,043,789	12,695,799	1 8⅛
1877–1878	41,464,185	17,355,459	58,819,644	65,222,328	2,210,995	67,433,323	10,134,455	1 8¾
1878–1879	37,800,595	7,056,749	44,857,344	60,937,513	3,982,228	64,919,741	13,948,565	1 7¾
1879–1880	41,172,567	11,654,894	52,827,461	67,210,741	2,085,147	69,245,888	15,261,810	1 8
Totals for 25 Years, 1855–1856 to 1879–1880	741,661,031	330,161,504	1,071,822,535	1,245,842,748	41,504,285	1,287,347,033	177,254,212	

* These figures include copper, of which the aggregate imports amounted to 210*l*., and the aggregate exports to 34,976*l*., the value in no year being so high as 10,000*l*.

† In consequence of the mutiny, it was necessary to refrain from drawing on India, and the exchange was raised to a prohibitory rate.

(2).—VALUE OF GOLD AND SILVER RESPECTIVELY IMPORTED INTO AND EXPORTED FROM BRITISH INDIA FROM AND TO FOREIGN PARTS, IN EACH OF THE UNDERMENTIONED OFFICIAL YEARS.

Official Years.	Imports.			Exports.			Surplus of Imports.		
	Gold.	Silver.	Total.	Gold.	Silver.	Total.	Gold,	Silver.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
1855-1856	2,508,353	8,792,793	11,301,146	2,108	598,418	600,526	2,506,245	8,194,375	10,700,620
1856-1857	2,176,002	12,237,695	14,413,697	84,788	1,164,448	1,249,236	2,091,214	11,073,247	13,164,461
1857-1858	2,830,084	12,985,332	15,815,416	47,011	766,384	813,395	2,783,073	12,218,948	15,002,021
1858-1859	4,437,339	8,379,692	12,817,031	10,886	651,350	662,236	4,426,453	7,728,342	12,154,795
1859-1860	4,288,037	12,068,926	16,356,963	3,803	921,363	925,166	4,284,234	11,147,563	15,431,797
1860-1861	4,242,441	6,434,630	10,577,067	9,872	1,106,627	1,116,499	4,232,569	5,328,009	9,560,578
1861-1862	5,190,432	9,761,545	14,951,977	6,007	675,089	681,096	5,184,425	9,086,456	14,270,881
1862-1863	6,881,569	13,627,398	20,508,967	33,410	1,077,243	1,110,653	6,848,159	12,550,155	19,398,314
1863-1864	8,925,412	14,037,169	22,962,581	27,106	1,240,450	1,267,556	8,898,306	12,796,719	21,695,025
1864-1865	9,875,032	11,488,320	21,363,352	35,068	1,409,522	1,444,590	9,839,964	10,078,798	19,918,762
1865-1866	6,372,894	20,184,407	26,557,301	648,418	1,515,734	2,164,152	5,724,476	18,668,673	24,393,149
1866-1867 (11 months)	4,581,472	8,655,433	13,236,905	739,144	1,692,359	2,431,503	3,842,328	6,963,074	10,805,402
1867-1868	4,775,924	6,999,450	11,775,374	166,457	1,405,489	1,571,946	4,609,467	5,593,961	10,203,428
1868-1869	5,176,976	9,978,978	15,155,954	17,624	1,377,956	1,395,580	5,159,352	8,601,022	13,760,374
1869-1870	5,690,400	8,264,407	13,954,807	98,283	944,070	1,042,353	5,592,117	7,320,337	12,912,454
1870-1871	2,782,574	2,662,249	5,444,823	500,453	1,720,312	2,220,765	2,282,121	941,937	3,224,058
1871-1872	3,573,778	8,000,035	11,573,813	8,434	1,487,208	1,495,642	3,565,344	6,512,827	10,078,171
1872-1873	2,622,371	1,934,214	4,556,585	79,009	1,229,570	1,308,579	2,543,362	704,644	3,248,006
1873-1874	1,648,807	4,143,726	5,792,533	266,169	1,692,343	1,958,512	1,382,638	2,451,383	3,834,021
1874-1875	2,089,236	6,051,810	8,141,046	215,701	1,409,608	1,625,309	1,873,535	4,642,202	6,515,737
1875-1876	1,836,381	3,464,341	5,300,722	291,250	1,908,986	2,200,236	1,545,131	1,555,355	3,100,486
1876-1877	1,443,712	9,992,408	11,436,120	1,236,362	2,793,536	4,029,898	207,350	7,198,872	7,406,222
1877-1878	1,578,927	15,776,532	17,355,459	1,110,798	1,100,197	2,210,995	468,129	14,676,335	15,144,464
1878-1879	1,463,050	5,593,699	7,056,749	2,359,223	1,623,005	3,982,228	896,173	3,970,694	3,074,521
1879-1880	2,050,393	9,605,002	11,655,395	299,889	1,735,259	2,035,148	1,750,494	7,869,743	9,620,237
Totals for 25 Years, 1855-1856 to 1879-1880	99,041,596	231,120,197	330,101,793	8,297,273	33,246,826	41,544,099	91,640,486	197,873,671	288,617,984

Treasure on account of Government is included in the above figures.

(3.)—SUMMARY FOR EACH PERIOD OF 10 YEARS FROM 1835–36 TO 1874–75, AND FOR THE FIVE YEARS FROM 1875–76 TO 1879–80.

Official Year.	Imports.						Surplus of Imports.			
	Gold	Silver.	Total.			Total.	Gold.	Silver.	Total.	
	£.	£.	£.			£.	£.	£.	£.	
1835–1836 to 1844–1845......	3,858,611	25,023,303	28,881,91			4,660,446	3,296,799	20,534,669	23,831,468	
1845–1846 to 1854–1855......	10,811,502	26,780,829	37,592,33			1,982,929	10,282,398	15,327,009	25,609,403	
1855–1856 to 1864–1865......	51,354,701	109,812,506	161,168,29			9,670,958	51,094,642	100,202,612	151,297,254	
1865–1866 to 1874–1875......	39,314,432	76,874,709	116,189,14			17,214,841	38,574,740	62,400,060	98,974,800	
1875–1876 to 1879–1880 (5 years)	8,372,463	44,431,982	52,804,445	5,297,522	9,161,283	14,458,805	3,971,104	35,270,999	38,845,930	64,480,343

(4.)—VALUE OF GOLD AND SILVER COINAGE I CALCUTTA, MADRAS,* AND BOMBAY, FROM 1855-

Official Years.	Gold.	Silver.
	£.	£.
1855-1856	167,863	6,973,658
1856-1857	128,302	10,779,280
1857-1858	43,783	12,551,303
1858-1859	132,273	6,542,267
1859-1860	64,307	10,677,924
1860-1861	65,088	5,192,328
1861-1862	58,667	7,070,830
1862-1863	130,666	9,251,468
1863-1864	54,354	11,477,425
1864-1865	95,672	10,358,422
1865-1866	17,665	14,507,049
1866-1867	27,725	6,118,857
1867-1868	21,584	4,313,285
1868-1869	25,166	4,207,031
1869-1870	78,510	7,473,560
1870-1871	4,143	1,718,197
1871-1872	15,412	1,690,394
1872-1873	31,795	8,980,927
1873-1874	15,498	2,370,013
1874-1875	14,034	4,896,884
1875-1876	17,150	2,550,218
1876-1877	....	6,271,122
1877-1878	15,636	16,180,326
1878-1879	85	7,210,770
1879-1780	126	10,250,000
Totals for the 25 Years, 1855-1856 to 1879-1880	1,225,394	184,613,540

* The Madras Mint was closed on the 31st August,

(5).—AMOUNT OF GOVERNMENT CURRENCY NOTES IN CIRCULATION, AND AMOUNT OF COIN AND BULLION RESERVE AND GOVERNMENT SECURITIES HELD BY THE DEPARTMENT OF ISSUE OF PAPER CURRENCY.*

DATES.	Notes in Circulation.	Silver Coin Reserve.	Silver Bullion Reserve.	Gold Bullion Reserve.	Reserve in Government Securities.	Total Reserve.
			Rs.	Rs.		Rs.
1 January, 1863....		39	00	.. ..	61	4,52,00,000
1 " 1864		88	1, 00	....	2, 22	5,11,00,000
1 " 1865 ..		29	00	.. ..	3, 11	7,47,91,340
1 " 1866		08	1, 00	15,50,000	3, 82	7,39,62,440
1 " 1867 ...		72	78	2,12,130	3, 09	9,95,94,560
1 " 1868		29	18	1,47,495	3, 48	10,32,34,590
1 " 1869.......		19	18	1,47,495	3, 28	10,29,98,460
1 " 1870		82	1, 18	3,12,495	3, 85	11,30,69,780
1 " 1871		57	50	3,12,495	3, 09	10,35,19,850
1 " 1872 ...		36	1, 22	72,495	3, 57	10,86,90,410
1 " 1873		18	1, 94	72,495	5, 28	12,87,55,080
1 " 1874		80	82	72,495	5, 28	10,91,07,985
1 " 1875 ...		27	80	72,495	5, 28	[illegible]
1 " 1876		72	85	[illegible]	5, 28	11,21,58,620
1 " 1877 ...		64	1, 13	.. ..	5, 78	11,97,19,655
1 " 1878		711	3, 08	. ...	5, 08	15,04,62,480
1 " 1879		50	08	... ...	5, 08	12,69,61,370
1 " 1880		98	1, 41	.. ..	5, 56	†13,83,11,495
1 " 1881		42	26	....	5, 47	14,32,66,985

*The Paper Currency Department began operations on the 1st of March, 1862.

†Including Rs. 3,35,000 for bills outstanding.

(6.)—VALUE OF IMPORTS OF GOLD FROM 1868–69 TO 1879–80.

	Years Ended 31st March.										
	1869.	1870	1871.	1872.	1873.	1874.	1875	1876	1877.	1878.	1879.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
United Kingdom, including Suez	1,595,898	1,609,484	499,207	1,940,698	751,417	273,472	454,621	267,228	490,686	208,008	205,582
France and other European Countries	53,759	38,349	12,962	13,788	12,839	8,117	24,170	7,523	16,433	10,214	13,060
Africa, including Mauritius and Réunion	43,607	25,268	7,801	60,764	130,463	13,751	29,797	74,971	216,085	311,276	193,163
Aden	10,588	28,792	25,868	26,874	29,537	31,890	27,690	27,720	23,070	22,714	20,095
Arabia, or Red Sea Ports	69,198	61,398	112,876	92,451	147,986	160,821	205,902	162,638	128,957	81,920	104,614
Ceylon	1,549,007	1,069,711	350,217	349,190	235,665	86,282	106,688	132,572	52,928	36,898	37,917
China	1,501,210	1,542,785	1,505,852	1,831,746	860,968	812,651	1,088,584	1,082,962	406,029	845,212	882,979
Persia and Persian Gulf	52,209	55,823	40,296	27,829	43,144	70,341	30,836	15,788	11,150	3,908	1,818
Straits Settlements	41,189	24,776	16,280	22,325	44,029	17,028	28,087	86,687	28,047	81,885	13,714
Turkey in Asia and Japan	..	15						..	....	....	..
Australia	260,285	417,999	218,220	308,107	388,473	174,520	50,376	28,166	28,028	21,422	28,987
Other Countries not stated	30	..	....	....	350	...	3,000	60,211	62,812	10,890	11,671
Total	5,176,976	5,690,400	2,782,574	3,673,778	2,622,371	1,648,808	2,089,286	1,836,881	1,443,712	1,578,927	1,468,050

(7).—VALUE OF IMPORTS OF SILVER FROM 1868–69 TO 1879–80.

YEARS ENDING 31ST MARCH.

1870	1871	1872	1873	1874	1875	1876	1877	1878	1880.
£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
2,041,224	200,796	5,560,815	1,107,329	2,147,305	4,876,881	1,979,566	7,806,278	12,716,830	,718,976
337,783	67,964	201,491	12,191	89,748	116,787	282,208	1,177,567	203,332	471,276
90,995	49,216	25,688	16,096	12,619	207,296	67,536	61,849	48,163	184,582
83,631	89,216	61,868	46,325	80,856	34,518	43,682	89,814	36,962	25,806
98,321	112,555	124,695	146,756	129,426	109,518	226,577	257,950	286,192	258,756
666,310	180,706	265,492	184,477	317,902	322,686	292,943	342,218	160,548	586,218
3,707,567	1,247,854	1,324,141	161,278	912,967	853,303	849,507	610,472	1,761,728	,823,714
294,245	418,850	308,589	180,561	226,421	257,318	41,052	84,886	44,740	58,827
476,091	182,646	109,990	59,867	251,623	249,732	83,995	79,309	859,120	115,854
1,080		18			214		825	64,400	
466,960	92,447	22,298	19,339	24,859	23,558	97,270	82,740	93,017	440,500
8,264,407	2,662,249	8,000,035	1,934,214	4,143,726	6,051,811	3,464,341	9,992,408	15,776,532	,604,502

* £778,429 from Abyssinia.

(8.)—VALUE OF EXPORTS OF GOLD FROM 1868–69 TO 1879–80.

	Years Ended 31st March.											
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
United Kingdom, including Suez	......	62	481,915	34	122	255,943	207,230	244,878	1,200,399	1,083,532	2,351,496	287,040
France and other European Countries	......	6	7,950	......	550	......	6,159	42,153	28,970	524	365	2,000
Africa, including Mauritius and Réunion	......	......	......	......	......	......	......	150	......	......	450	1,816
Aden	730	450	270	245	......	85	240	170	300	220	1,836	130
Arabia, or Red Sea Ports	......	......	......	......	265	......	......	30	......	215	......	94
Ceylon	......	1,806	771	600	50,200	......	48	1,669	4,723	60	606	7,816
China	75	66,000	44	......	2,007	90	77	......	200	37	......	......
Persia and Persian Gulf	8,644	24,750	6,088	7,325	10,203	9,210	1,590	200	......	610	......	50
Straits Settlements	7,675	4,418	415	100	10,445	841	317	2,000	1,770	......	3,020	94
Australia	......	......	......	......	......	......	40	......	......	......	......	......
Other Countries	500	791	3,000	130	5,217	......	......	......	......	25,600	1,450	500
Total	17,624	98,283	500,453	8,434	79,009	266,169	215,701	291,250	1,236,362	1,110,798	2,359,223	299,889

EAST INDIA (LOANS RAISED IN INDIA).

(10.)—Return of all Loans raised in India, chargeable on the Revenues of India, outstanding at the Commencement of the Half Year ended on the 30th September, 1880, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half Year, the Moneys raised thereby during the Half Year, the Loans paid off or discharged during the Half Year, and the Loans outstanding at the Close of the Half Year, stating, so far as the Public Convenience will allow, the Purpose or Service for which Moneys have been raised during the Half Year.

Description of Loan.	Rate of Interest.	One-Half Year's Int. on am't of debt outstand'g Ap'l 1, 1880.	Date of Termination of Loan.	Amount of debt outstanding on April 1, 1880.	Amount of debt incurred during the half year ended 30 September, 1880.	Moneys raised during the half year ended 30 September, 1880.	Transferred from other Loans.	Total.	Amount of debt paid off or discharged dur'g h'f y'r ended 30 September, 1880.	Transferred to other Loans.	Amount of debt outstanding on 30 September, 1880.
LOANS BEARING INTEREST.		£.		£.	£.	£.	£.	£.	£.	£.	£.
Transfer Loan of 1870	4½ per ct.	41,305	Not before 15 July, 1885	1,835,790	......	......	......	1,835,790	100	......	1,835,690
Transfer Loan of 1871	4½ "	4,993	Not before 4 July, 1881; falls to 4 per cent. on that date	221,900	......	......	......	221,900	......	......	221,900
Loan of 1878	4½ "	49,479	Not before 15 September, 1898	2,199,080	......	......	......	2,199,080	......	33,180	2,165,900
Transfer Loan of '79, 4½ per ct. portion.	4½ "	343,407	Ditto	15,262,547	3,130,000	+3,229,772	33,680	18,426,227	......	2,450	18,423,777
Transfer Loan of 1879, 7s. sterling per cent. portion	Equivalent in rupees of 7s. per *Rs.* 100	500	Ditto	24,420	......	......	......	24,420	......	......	24,420
Loan of 1824-25	4 per cent.	633	No date specified; but on 3 months' notice by Government	31,626	......	......	......	31,626	......	......	31,626
Loan of 1828-29	4 "	128	Ditto	6,400	......	......	......	6,400	1	20	6,379
Loan of 1832-33	4 "	21,147	Ditto	1,057,365	......	......	......	1,057,365	29	10,360	1,046,976
Loan of 1835-36	4 "	56,854	Ditto	2,842,720	......	......	......	2,842,720	......	16,680	2,826,040
Loan of 1842-43	4 "	411,345	Ditto	20,567,263	......	......	226,660	20,793,923	......	51,440	20,742,483
Loan of 1854-55	4 "	122,436	Ditto	6,121,810	......	......	......	6,121,810	......	74,620	6,047,190
Transfer Loan of 1 May, 1865	4 "	315,574	Ditto	15,778,709	......	......	199,420	15,978,129	......	65,350	15,912,779
Transfer Loan of 22 April, 1854	4 "	24,613	15 months after notice by Government	1,230,666	......	......	......	1,230,666	1	2,820	1,227,845
Loan of 1853-54	3½ "	1,110	3 months after notice by Government	63,440	......	......	......	63,440	......	2,450	60,990
Railway Loan from Maharajah Holkar.	4½ "	22,500	No date specified	1,000,000	......	......	......	1,000,000	......	......	1,000,000
Debenture Loan of 1867-68	5 "	15,007	Not before 1 June, 1882	600,300	......	......	......	600,300	......	......	600,300

Promissory Notes for Mysore Family	4	"	2,485	No date specified	124,228				124,228	24	9,910	114,294
Railway Loan from Maharajah Scindia	4	"	30,000	Ditto.	1,500,000				1,500,000			1,500,000
Reduced Loan of 16 January, 1879	4	"	241,919	Not before 16 January, 1882	12,095,960				12,095,960	400	189,980	11,905,580
East India Railway Converted Stock*.	4	"	214	No date specified; but on 3 months' notice by Government	10,675				10,675			10,675
Debenture Loan, Nagpore and Raepore Railway.*	4½	"	600	Not before 1 July, 1890, and on 3 months' notice	26,678	20,215	20,215		46,893	†1,344		45,549
Debenture Loan of the Cawnpore and Furrackabad Light Railway*	4	"	902	Not before 1 January, 1890, and on 3 months' notice	45,096	25	25		45,121			45,121
Loan of the Muttra and Hattras Light Railway*.	4	"	648	Not before 30 years, on giving 1 year's previous notice	32,410				32,410			32,410
Loan of the Gazipore and Dildarnagore Light Railway*	4	"	1,002	Not before 10 years, on giving 1 year's previous notice	50,080				50,080			50,080
			1,708,301	Total Debt in India, bearing Interest.	82,729,163	3,150,240	3,250,012	459,760	86,339,163	1,909	459,260	85,877,994
Loans not bearing Interest.												
5 per Cent. Loan of 1825–26				Ordered to be paid off.	6,026							6,026
5 per Cent. Loan of 1841–42					1,590							1,590
5 per Cent. Loan of 1854–55 for Public Works					5,900							5,900
5 per Cent. Loan of 1856–57					13,460							12,660
5½ per Cent. Loan of 1859–60					104,690							60,380
5 per Cent. Debenture Loan of 1867–68					2,400							2,400
Treasury Bills at 2½ pie per *Rs.* 100 per diem..					9,280							9,280
				Total Debt in India not bearing Interest.	143,346							96,236
				Total Debt in India	82,872,509	3,150,240		2 459,704				85,976,230

* The five loans marked * were not included in the Half Yearly Statement up to 31 March, 1880, as the transactions had not come upon the books of the Government of India at the time when that Statement was sent to England.

† For the construction of Productive Public Works in 1880–81.

‡ Deposits returned.

Comptroller-General's Office, Calcutta,
22 December, 1880.

J. Westland, Officiating Comptroller-General.

Louis Mallet,
Under Secretary of State.

(9).—VALUE OF EXPORTS OF SILVER FROM 1868–69 TO 1879–80.

	Years Ended 31st March.											
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
United Kingdom, including Suez	595,501	5	1,224,759	156,364	1,178	218,651	23,300	46,912	83,815	105,678	132,575	78,962
France and other European Countries	....	....	50	643	870	10,861	15,072	46,697	62,452	73,980	5,440	14,995
Africa, including Mauritius and Réunion	280	38,550	6,000	103,300	10,000	346,583	105,493	418,977	493,839	170,959	296,555	319,519
Aden	13,820	4,910	1,070	78,663	5,100	34,763	49,213	139,021	77,460	23,501	58,838	83,203
Arabia, or Red Sea Ports	3,040	15,381	10,702	9,005	15,948	17,093	15,470	62,299	53,204	117,380	74,019	62,638
Ceylon	632,950	649,600	302,969	759,624	749,500	834,227	937,302	1,033,035	1,074,619	294,510	835,306	677,960
China	17,085	11,658	5,497	134,335	119,732	12,370	102,537	14,535	753,735	48,171	3,442	208,010
Persia and Persian Gulf	90,919	197,196	119,420	143,103	177,539	121,546	113,897	41,426	58,010	111,257	100,550	236,415
Straits Settlements	17,288	23,328	48,069	81,788	186,647	51,208	45,324	48,810	94,504	32,426	31,183	24,532
Australia	....	....	....	....	....	....	10	....	....	....	....	....
Other Countries	7,073	3,442	1,176	835	2,456	600	1,990	57,274	41,898	122,336	90,147	29,030
Total	1,377,956	944,070	1,720,312	1,467,660	1,219,070	1,647,902	1,409,608	1,908,986	2,793,536	1,100,198	1,623,005	1,735,259

EXHIBIT D.

(Presented by MR. FORSSELL, page 520.)

VIEWS OF THE SWEDISH BANKS OF ISSUE ON THE MONETARY QUESTION.

The Swedish Government, conformably to the desire expressed by the Monetary Conference, having requested from the banks of issue in Sweden their opinion upon the monetary question, the following-named banks have given their views concerning the proposition formulated in the *Questionnaire* of the Conference, viz.:

1. Stockholms Enskilda Bank.		8. Gotebougs Enskilda Bank.	
2. Smalands	ditto.	9. Norrköpings	ditto.
3. Orebro	ditto.	10. Hallands	ditto.
4. Sundsvalls	ditto.	11. Wenersborgs	ditto.
5. Skaraborgs	ditto.	12. Bohns' läns	ditto.
6. Gotlands	ditto.	13. Oscarshamns	ditto.
7. Skanes	ditto.		

These banks are all of the opinion that the adoption of the double standard is inadmissible. The answer of the Stockholms Enskilda Bank, being the most complete, and summing up all the others, is alone given below, in translation:

ANSWERS of the "STOCKHOLMS ENSKILDA BANK" (Director, *A. O. Wallenberg*), to the Questions contained in the *Questionnaire* adopted by the Monetary Conference of 1881:

I.—The depreciation of silver, which affects only contracts and agreements having long to run, is in no way injurious to general prosperity.

It is impossible, by legislative enactments, to fix an invariable ratio between the value of gold and that of silver; for experience has amply shown that the oscillations arise from circumstances entirely independent of any such laws. The question proposed, as to whether a stability in the relation between the values of the two metals would be desirable, is therefore stripped of all practical importance.

II.—The depreciation of silver is due to the fact that the production of this metal has been augmented, in a much greater degree, than that of gold, simultaneously with the adoption of the gold standard by an in-

creasing number of States, so that an enlarged production of silver has coincided with a diminished demand for the white metal.

We may add, that the price of the precious metals has fallen relatively to most other products, and that silver, by reason of its bulk and the cost of carriage, has become too inconvenient for large payments, notably in comparison with bank notes and other instruments of credit circulation, which have more and more come into vogue.

III.—In accordance with our answer to Question I., we are of the opinion that it is impossible, by the means proposed in Question III., to prevent oscillations in the relative values of silver and gold. Every one would prefer to pay in the depreciated metal; as at present with silver, the value of such metal would become unsteady, and the ratio of value fixed by law would be impaired in fact, with a premium on payments in gold.

IV.—1. It is much to be desired that banks of issue should accept ingots of the money upon which the monetary system of their country is based, cost of coinage, and if need be, of refining, being deducted. But in countries with the double standard, and with a fixed ratio between the two metals, this obligation is inadmissible, because the banks, in such case, would incur the risk of being inundated with the metal which would be, at one time or another, depreciated.

It is evident that it would be absurd to impose upon the Bank of England or upon the Bank of Sweden an obligation to buy ingots of silver at a fixed price.

2. In order to secure the above-mentioned advantages to the public, in countries where there are no banks of issue, it is necessary to establish banks of issue in these countries; such banks, when well founded and well managed, always contribute to the economic development and to the prosperity of a country.

3. The mintage of coin for private individuals ought always to be conducted by the State, not gratuitously (for this would lead to abuses of the liberty to have coins struck), but at a rate of charge exactly proportioned to the expense of refining and of coinage. It is very desirable that all countries which have the same standard should agree upon a common charge for mintage, as well as upon a common tolerance, both for the coinage and for wear. Tokens should be coined exclusively by the State and on its account; they ought not to be included within the stipulations of international treaties.

4. International trade in silver and gold ought, every-where, to be free from all restriction.

V.—The term "bimetallism," which lately has replaced that of "double standard," is inexact; it would only become admissible if each piece of money was composed of two metals.

In view of the impossibity, in our view, of fixing a ratio between the values of the two metals, such a ratio could never be determined except

for a certain time; at present the ratio is that of 1 to 18, or nearly, but we can not venture to predict the stability of that relation.

As no proposition has been made to the countries of the Scandinavian Monetary Union that they should abandon their position, so happily assured by the adoption of the gold standard, we have nothing to add to sustain our opinion "that it is necessary to maintain the single gold standard."

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